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Established 1887

Hunger Striker Buried by IRA; Protests Continue

GALBALLY, Northern Ireland — Three masked Irish Republican Army men fired shots from hand-guns over the grave of a general hunger striker Wednesday in a protest against the British Army.



United Press International



The Associated Press

1-Year Rise Noted in British Racial Friction

LONDON — A government commission charged Wednesday that there had been a rising trend in incidents of racial harassment and violence in the past year. The report was issued after the second consecutive night of virtual calm in England's riot-damaged neighborhoods.

Polish Party Urged To Keep Reforms

WARSAW — Deputy Premier Mieczyslaw Rakowski warned delegates at Poland's extraordinary Communist Party congress Wednesday that any reversal of the liberal reforms of the last 12 months would lead to a bloodbath.

Kremlin Seems to Signal Dislike for Polish Meeting

MOSCOW — In its first reaction to the Polish Communist Party congress, the Kremlin has broken with several traditions in an apparently calculated effort to keep its distance from the proceedings in Warsaw.

INSIDE Vietnam Shadows

Buried in the history of Washington-Peking relations is a hidden chapter of the U.S. war in Vietnam; that of U.S.-Chinese clashes. Insights, Page 6.

U.S. and Japan

Admitting to concern over the upsets in Japanese-American relations, U.S. Ambassador Mansfield says that he now believes the relationship is "over the hump." Page 5.

TOMORROW Focus on Kuwait

Kuwait's oil wealth has led to progress, but its planners are already looking toward a time when the oil runs out. A special supplement will appear in Friday's IHT.

CIA Director Figures In Investors' Lawsuit

By Paul I. Montgomery New York Times Service NEW YORK — William J. Casey, director of the U.S. Central Intelligence Agency, knowingly participated with several others in a 1968 investment offering for a farming company that omitted and misrepresented facts to investors, according to a federal court decision handed down in May.

CIA Probe of Deputy Missed 'Blackmail'

WASHINGTON — The Central Intelligence Agency has a reputation for making the strictest security checks in the U.S. intelligence community, but its investigation of Max Hugel appears to have been a hurry-up, seven-day job that failed to sound even a mild alarm about his complex business career.



William J. Casey

Another Suspect In Italy Scandal

ROME — An Italian secret service chief, Walter Pelosi, was told Wednesday that he might face charges in connection with the P-2 Masonic lodge scandal that led to the fall of the previous government, judicial sources said.

What Prompted Haig to Speak

WASHINGTON — Secretary of State Alexander M. Haig Jr. has delivered a good part of the foreign policy speech that President Reagan said he would give on a matter that the administration has up to now not cared to spotlight.



BEGIN TO SEEK COALITION — Prime Minister Menachem Begin prayed at the Western Wall in Jerusalem after he was invited by President Yitzhak Rabin to try to form the next Israeli government. Story, Page 2.

Riots Reflect Deep-Seated Anger At Racism, Lack of Jobs in U.K.

By Steven Rantner
New York Times Service

LONDON — Skyburn is 20 years old, was born in Ghana, and for the past six years has lived in Britain. A year ago, he was laid off from his job with a musical instrument firm. He now lives off unemployment payments of \$53 a week.

And he is bitter — about the British government's economic policies that have led to rampant unemployment, about working-class whites known as "skinheads" who are often accused of violence against blacks, and perhaps most intensely about the police, who he believes practice wanton brutality.

"I've met all kinds of people from all different cultures, and the British are the most racist," maintained the soft-spoken youth, who lived for a time in Brooklyn, N.Y. "It's a disease they carry with them," he said as he stood in London's Wood Green district beside store windows boarded up to prevent looting.

Attitudes like those of Skyburn, who like many others in the riot-ridden areas declined to give his surname, go a long way toward explaining the tensions that helped trigger Britain's urban violence. A deep sense of frustration, of lack of opportunity and of oppression pervades working-class youths across Britain on these days, most intensely among minorities but among many whites as well.

Whites Join Riots

At the outset two weeks ago, the rioters, mostly young, were principally blacks and Asians from the Indian subcontinent who have felt both the economic troubles and the added pain of racism.

In growing numbers, disgruntled white youths, particularly those in multiracial communities, joined in taking on organized society, partly out of the same economic frustrations and partly in an unabashed search for excitement. As they have spread, the riots have come to

defy easy categorization, beyond as a reflection of youthful unease. "You name me any class of people, any age, any color, and they were out on the streets looting last night," said Stephen Rochford, a 17-year-old white in Liverpool's Toxteth district, a ghetto of the unemployed. "This rioting is a case of the Liverpool people against the police and the Tories for being corrupt."

His companion, Cheryl Cullen, a 16-year-old white, offered a less sympathetic view. "Most of the people fighting don't even know what they are fighting for," she said. "They are just in it for a laugh."

Deep-Seated Grudges

Indeed, spontaneous rioting has often broken out without apparent regard for economic conditions. And some of the recent violence has occurred in communities such as Toxteth where government aid programs have been focused in the past.

But the violence appears to have at least begun as a result of deep-seated grudges, which have varied from one neighborhood to another and from one group to another. For example, London's large population of Indians and Pakistanis in Southall, who have been relatively successful economically, display less concern about the economic policies but stress perceived abuse from police and rightist working-class whites.

"It was just to fight the police," said Harinder Gill, 15, a resident of Southall, about a rock-throwing incident last Friday night. "They ignore the Asians and protect white people."

As the rioting has spread to other cities, the appearance of philosophic coherence — a cause — present at the earlier disturbances has ebbed. Instead, recent participants, sometimes whites and blacks battling as allies, have increasingly been viewed as idle self-



Palbearers, escorted by hooded IRA men, carried the coffin of guerrilla Martin Hurson to be buried Wednesday in Galbally, Northern Ireland. Mr. Hurson died Monday after a hunger strike.

IRA Buries Hurson; Violence Continues

(Continued from Page 1)

onto a canopy over the office and waved six black flags.

A traffic jam built up at the terminal entrance. Two police squad cars followed the march as police inside the terminal building watched the protest but did not intervene. Police reported no arrests.

The IRA appeared determined to defy the British Army and bury Mr. Hurson with full military honors, including three volleys of rifle fire. Sources close to the IRA said the guerrillas had planned the rifle salute, even though British troops arrested a squad that fired the salute during Friday's funeral of hunger striker Joe McDonnell.

Six activists were arrested in that raid, which triggered a gun battle and a two-hour riot. Four of those arrested appeared in court Tuesday on weapons charges and were ordered held for trial. The raid Friday was the first such British operation during an IRA funeral, which usually is treated by the organization as a major political demonstration.

The death Monday of Mr. Hurson, 27, the sixth Irish nationalist hunger striker to die at the Maze since March 1, sparked riots and guerrilla attacks throughout the province, and police said at least six officers and a British soldier had been wounded in bomb and gar attacks.

Sinn Fein, the political wing of the IRA, reported that Matt Devlin, 31, jailed for the attempted murder of a police officer, would join the Maze hunger strike Thursday by refusing breakfast in his cell. He will join seven other hunger strikers, two of whom are not expected to live for more than another week.

Mr. Devlin, jailed for seven years in October, 1977, will be the oldest man to join the fast since it started.

The IRA is demanding that the British government give convicted IRA members special privileges that amount to their being accorded status as political prisoners.

4 More Leftists Shot by Iranian Firing Squads

BEIRUT — Iranian firing squads executed four more leftists, a military ordered personal bodyguards of fugitive ex-President Abass Bani-Sadr to turn in their arms within five days or face prosecution, according to broadcasts from Tehran.

The latest executions on Tuesday raised to 189 the number of people put to death since Mr. Bani-Sadr's removal three weeks ago. They were convicted of being guerrillas for the Mujaheddin Khalq, a Marxist group fighting Ayatollah Ruhollah Khomeini's Islamic regime.

Two were shot in the central city of Isfahan and two in the Caspian Sea resort of Amol.

Brazil Makes Agricultural Deal for Soviet Union

MOSCOW — Brazil signed a multimillion-dollar trade agreement Wednesday to exchange agricultural products for Soviet oil.

Brazilian sources said that Brazil would supply the Soviet Union with grains, oilseeds, cereals and other commodities for up to five years. Soviet Union will supply oil to Brazil at a rate of 20,000 barrels a day initially for five months, starting in August.

The agreement also makes possible Soviet participation in the Grande hydroelectric project in southern Brazil. It was not known if it included the purchase by Brazil of turbine generators worth up to \$5 million.

5 Jailed for Life in U.K. Drug-Dealer Says

LANCASTER, England — Five men were sentenced to life imprisonment Wednesday for the murder of a drug racketeer in the "hand-to-hand" trial that has been one of the longest and costliest in British legal history.

Terry Sinclair, 36, the multimillionaire boss of a worldwide drug empire, was convicted with others Monday of the 1979 murder of a partner and fellow New Zealander, Martin Johnstone, 27.

Mr. Johnstone, who had apparently double-crossed the syndicate drug swindle that cost Mr. Sinclair an estimated \$1.5 million, was shot in the head and thrown into a quarry. To prevent recognition the killers off his hands and crushed his face with a hammer.

Kreisky Calls U.S. Uninterested in Missile Talks

BONN — Chancellor Bruno Kreisky of Austria, at the start of a socialist international meeting Wednesday, said the Soviet Union currently shows little inclination to negotiate with the United States over medium-range nuclear missiles in Europe.

He said that in his opinion the Soviet Union is prepared to begin negotiations. Mr. Kreisky described as important the recent talks in Moscow between Willy Brandt, the West German Social Democratic Party leader, and Soviet President Leonid I. Brezhnev.

The controversial Moscow talks were among the subjects Mr. Brandt was to explain to the world Socialist leaders meeting at his party's headquarters.

Court Frees Spanish Major Held as Terrorist

MADRID — A Spanish court Wednesday ordered the release of Major Ricardo Saez de Ynestralza, the first military officer detained by civilian authorities under anti-terrorist laws.

The major reportedly trained a group of 50 neo-Fascists to carry out terror acts on June 24, and was initially arrested and released by military authorities.

The release was a blow to the government's campaign to weed out rightist elements from the armed forces after February's unsuccessful military coup. Trial of the 34 officers indicted for the Feb. 23 coup attempt is not expected before the end of the year.

Begin Accepts Mandate On Cabinet, Sets Talks

JERUSALEM — Prime Minister Menachem Begin accepted the official mandate to form Israel's next government Wednesday and launched an intense schedule of talks with the parties he needs to form a majority coalition.

While saying he hoped to assemble a Cabinet by July 27, Mr. Begin summoned his outgoing Cabinet to approve an agreement with the United States and Egypt on a multinational force to monitor the Sinai Peninsula after Israel's final withdrawal next April.

The three countries are to initial the agreement Friday in London before it is submitted to their respective legislatures for ratification.

Mr. Begin went immediately to the Western Wall, Judaism's most important site, to pray and kiss the ancient stones after President Yitzhak Navon gave him the official invitation to form the next government.

The military command, meanwhile, reported Wednesday that rockets fired from Lebanon smashed into northern Israel, killing three Israelis and wounding 13.

Border Fighting

Last Friday, Israeli planes struck Palestinian guerrilla camps in Lebanon, and the Palestinians responded with a salvo of missiles. Israeli planes raided Palestinian bases in Lebanon on Sunday and Tuesday, and a Syrian MIG-21 was shot down Tuesday when it tried to interfere with the Israeli bombers.

Mr. Begin held talks with the Liberal Party faction of his Likud bloc and scheduled formal consultations on Thursday, Friday and Sunday with the three religious parties with enough seats to give him a bare majority — 61 seats — in the 120-member Knesset (parliament).

The consultations will lead to a division of Cabinet portfolios — an area where Mr. Begin acknowledged there is conflict — and to a declaration of government policies.

In 1977, Mr. Begin's first coalition was bound by an eight-page policy statement, and the same kind of pact is likely to emerge this year since the coalition partners are likely to be virtually the same.

The Likud's 48 Knesset seats will be buttressed by the six of the ultra-Orthodox Agudat Israel Party and three of the Tami Party, a North African faction that broke away from the National Religious Party before the June 30 election.

One problem, Mr. Begin said, was the religious affairs portfolio, which was held by the National Religious Party but was wanted by Aharon Abutzhaira of the Tami Party. Mr. Abutzhaira held the portfolio when he left the National Religious Party.

"The National Religious Party will be a problem," he said.

French Cabinet Sets Measure on Decentralization

PARIS — The Cabinet of France's Socialist government cleared the way Wednesday for what has been called one of the most radical measures in its program by approving a draft law to lessen control from Paris over the provinces.

The measure, certain to be approved in coming weeks by the National Assembly, in which the Socialists have a clear majority, gives wide powers to local and regional government bodies and drastically reduces the role of the Paris-appointed prefects.

During his successful presidential campaign against the incumbent, Valéry Giscard d'Estaing, Francois Mitterrand argued that centuries of governing France from Paris had stifled development in the regions.

Under present legislation, the prefects, who are effectively vice-consuls for government in Paris, have virtual veto power over all local government measures, which have to be submitted for their approval before they can be implemented.

The new law provides for the essential abolition of the prefects and their replacement by "commissioners of the republic," which is largely consultative role. The election of France's local government bodies and the 96 departments are to have full executive powers with the right to determine their own budgets without advance approval from the new commissioners.

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France Lifts Embargo On Weapons to Libya

PARIS — France has decided to lift an embargo on the delivery of arms ordered by Libya, but will sign no further weapons contracts as long as Libyan troops remain in Chad, an External Relations Ministry spokesman said Wednesday.

The spokesman said that the government had decided to order to the state-owned Elf Petroleum Co. to resume operations in Chad, which had been suspended in response to a demand for exploration permits granted by Libya earlier this year.

Moscow Pledges Ban on Nuclear Weapons

MOSCOW — Authorities in the Moscow region, facing an outbreak of pest fires amid a heat wave, prohibited dry outtings in many areas and banned open fires in parks, boozing and woodlands on Wednesday.

Temperatures have reached 93 degrees Fahrenheit (34 Celsius) and affected grain crops.

CIA Probe of Deputy Missed 'Blackmail'

(Continued from Page 1)

faulted Mr. Hugel in strong terms for his failure to report any of this to the agency; one called it "a great mistake."

"He damn well should have" reported it, declared another professional, who once was a CIA deputy director for operations. "He had to ... for his own protection as well as for the agency's. If there were explanations, he should have given them."

"It certainly sounds like a rather pertinent area," an FBI official agreed. "His discretion, his ability to keep confidences, to protect secrets, all those things could be affected."

"I don't remember what they asked me on the polygraph because they asked me all kinds of questions."

"They ask you whether you ever committed a crime," interjected Mr. Sporkin, who joined the agency even more recently than Mr. Hugel.

"They ask you that," Mr. Hugel agreed.

Despite all the seeming thoroughness of the CIA's routine, however, it missed the McNellis. Yet Thomas McNellis claims that

U.S. Jet Fighter May Have Shot F-4 in Training

(The Associated Press)

EGLIN AIR FORCE BASE, Fla. — Air Force documents suggest that an F-4 fighter that crashed into the Gulf of Mexico in April may accidentally have been shot down by another plane, the Pensacola (Fla.) Journal has reported.

A report on the incident indicates that the jet, one of five participating in a training mission, burst into flames only seconds after one of the other planes fired a missile at an unmanned target, which was not hit.

The report obtained by the Journal reached no conclusions about the cause of the crash, and the Air Force refused to release a second part of the report titled "Investigation, Analysis, Findings and Recommendations."

The \$3.3-million aircraft was lost about 47 nautical miles south of Tyndall Air Force Base at Panama City, Fla., but the two-man crew parachuted to safety, the Journal said.

when he heard reports last December that Mr. Hugel was in line for a top job at the CIA, he then tried to contact President-elect Reagan's personnel director, E. Pendleton James, to deliver his warnings. He says Mr. James never called him back.

"It Must Be Free"

Mr. Hugel started work at the CIA as a "special assistant" to Director William J. Casey, a good friend and colleague from the Reagan campaign. On Feb. 13, Mr. Casey made him the agency's deputy director for administration. Then, in early May, Mr. Casey shocked the intelligence community by naming Mr. Hugel, 56, deputy director for operations — the head of the CIA's clandestine services, the man who picks station chiefs and deputy station chiefs all over the world.

Sen. Daniel P. Moynihan, the New York Democrat who is the committee's vice chairman, expressed his objections to what he regarded as the "politicization" of the operations directorate.

"Those concerned with the effectiveness of the Central Intelligence Agency have always understood that it must be wholly free of politics," Sen. Moynihan said. "It must not only appear to be free, but it must be free. With but rare exceptions, the deputy director for operations has been a career professional and never, surely, a campaign aide with no visible qualifications for the job."

Sen. Moynihan said the CIA must now "ask itself how it failed to learn what the Washington Post learned about the man appointed to the most sensitive post in the entire community. The administration must ask itself how it allowed this disaster to come about in the first instance."

Philippine Newsmen Assail Marcos Move

(United Press International)

MANILA — In their first attack on the government in nine years, Philippine newsmen Wednesday blasted an "assault on press freedom" move to censure an editor who wrote an article critical of President Ferdinand E. Marcos.

The 250-member Philippine National Press Club said in a statement that it was appalled by events that led to the resignation of Letty Maganoc as editor of Panorama magazine, a Sunday supplement of Bulletin Today, the country's largest newspaper.

"We cannot but view [this] as an assault upon press freedom in our country today," the press club said.

"Far from censoring or harassing the government should encourage free expression in the interest of a dynamic and progressive society," it said. "A muzzled or timid or scared press is a not in the interest of political normalization."

Mrs. Maganoc, 40, a journalism graduate of the University of Missouri, wrote July 12 that the election of Mr. Marcos, 63, last month to a new six-year term was "marked by suspicions of connivance, corruption and dishonest counting of votes."

Quoting an opposition leader, she said Mr. Marcos "is the country's No. 1 problem," adding that despite his powers, the president is "powerless before corruption and the corruptors."

She said that if the situation

continued, Filipinos would "tear at the republic."

The publisher of Panorama, Hans Menz, a former Marcos aide, was summoned to the presidential palace and received a dressing down from Mr. Marcos, Mrs. Maganoc said. She was forced to resign. "It's myself or the magazine," said Mrs. Maganoc, who in the past had written articles critical of the administration.

The press club's statement was the first issued against the government since 1972, when Mr. Marcos, who has been in power since 1965, declared martial law. The emergency was lifted last January, paving the way for the election.

Army Veteran Charged by U.S. With Espionage

(The Associated Press)

JACKSONVILLE, Fla. — A former U.S. Army warrant officer Wednesday was indicted and arrested Wednesday on charges of supplying the Soviet Union with information about a U.S. code-making device.

Joseph George Helmich, 44, also was identified as a colonel in the Soviet Army.

U.S. Attorney Gary Betz identified Mr. Helmich as a Soviet colonel during a hearing before a U.S. magistrate, who set bail at \$500,000.

FBI Director William H. Webster said Mr. Helmich was arrested by FBI agents here following an extensive investigation by the bureau into the alleged espionage in the 1960s. Attorney General William French Smith said Mr. Helmich's arrest followed his indictment by a federal grand jury in Jacksonville, on charges of violating the Espionage Act.

According to the indictment, Mr. Helmich gave Soviet agents classified information involving a sensitive U.S. cryptographic system known as the KL-7. The FBI said the KL-7 system was used to encode U.S. communications and that the information was relayed to the agents in Paris in 1963.

Mr. Helmich is a native of Florida and served as an Army warrant officer from 1954 to 1966 in Paris and at Fort Bragg, N.C. Since 1967, he has been employed in a variety of jobs.

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Hanoi Refusing To Accept UN Cambodia Effort

(The Associated Press)

UNITED NATIONS, N.Y. — Vietnam dashed all hopes Wednesday that an international conference on Cambodia in progress here would eventually lead to the withdrawal of Vietnamese troops from Cambodia.

The Vietnamese ambassador, Ha Van Lau, whose government is boycotting the proceedings, said: "We are not going to recognize any committee created by the conference." He also said that any results coming out of it would be illegal.

A declaration being drafted for adoption before the conference adjourns Friday would set up a committee to "establish and maintain contact with the parties to the conflict" in Cambodia in a search of a settlement.

The Vietnamese envoy said that the UN conference had been inspired by China, the United States and the Association of Southeast Asian Nations. As such, he said, it was "unsided."

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Accord on Pay Ends Massachusetts Strike

(United Press International)

BOSTON — Striking state workers, apparently satisfied with a resolution to their payless paydays, have ended a four-day strike and returned to work.

The thousands of state workers received their overdue paychecks Tuesday after Gov. Edward J. King signed into law emergency legislation providing two weeks of back wages for the workers, who had gone unpaid since the fiscal year began July 1.

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Study Finds Rise in Trend Of British Racial Friction

(Continued from Page 1)

areas that were afflicted with riots in the last 13 days arrived in London for a review of tactics and newly available crowd-control armaments.

George Terry, president of the Association of Chief Police Officers, said after the meeting that such additions to the police arsenal such as plastic bullets and water cannons would not be used indiscriminately.

"Last Resort"

"It will be up to the individual chief constables to decide if they need these things to deal with a riot but I know they will not be used as a last resort," Mr. Terry said.

The epidemic of violence appears to be in remission. Only in London were there any reports of trouble Tuesday night. Scotland

Western Initiative on Troop Movements May Bring Accord at Madrid Conference

(Reuters)

LONDON — Western governments will offer compromise proposals to the Soviet Union this week in an effort to wind up the marathon Madrid Conference on Security and Cooperation in Europe, diplomatic sources said Wednesday.

The proposals are designed to answer demands for Western concessions following a Kremlin offer to extend notification of military movements all the way to the Urals.

The latest compromise proposals were delayed while U.S. agreement was sought from the sources said. The Reagan administration had been hesitant, but agreed to the plan this week. The sources said backstage work on a final document for Madrid produced basic agreement on other disputed issues, including human rights.

Western delegates at the 10-month-old meeting to review and advance the Helsinki accords believe the compromise plan will enable agreement to be reached on holding a European disarmament conference next year. There are now hopes that the 35 nations taking part can agree on a final document by the end of this month, the sources said.

Notification of Maneuvers

The proposals reportedly will define a geographical zone in which projected military "confidence-building measures" are to be applied. France, backed by 14 NATO countries, has called for advance notification of maneuvers

U.S. Jet Crashes in Alaska

(The Associated Press)

ANCHORAGE — An F-4 Phantom jet fighter on a routine training mission has crashed in a remote Alaskan area near Eielson Air Force Base, killing two crewmen, an Air Force spokesman said. There was no collision, he said, but he refused to give further details of the crash Tuesday.

Yard said, and these minor instances of unruly groups in several neighborhoods were quickly dispersed.

In the city's Brixton area, where looting and rioting erupted a week ago, more than 100 police officers staged an early-morning raid, entering 11 houses with search warrants, reportedly to seek firearms. Seven persons were arrested, five of whom were charged with possession of drugs.

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Polish Aide Warns Party To Maintain Reform Line

(Continued from Page 1)

party had to formulate new policies that were truly based on Socialism and credible to Poles and their allies.

Officials said there would be several candidates for the job of party leader in a striking departure from tradition. Soviet-bloc practice under which first secretaries are usually elected without opposition.

Most Polish officials predicted that Stanislaw Kania, a moderate who has led the country since last September, through the turbulent birth of the Solidarity trade union, will be given a fresh mandate.

A special report of a commission headed by hard-line critic Tadeusz Grabski to study past officials' responsibility for the current crisis was voted onto the congress agenda 1,455-33, officials said.

Poland's party instituted the secret balloting and other reforms to make its leaders more accountable to the party rank and file, disillusioned since last summer's strikes.

Official sources said that the names of six other candidates besides Mr. Kania had been received from delegates by an 81-member election commission.

They included Stefan Olszowski, sometimes regarded as Mr. Kania's opponent and a hard-liner who is now seen moving toward the center, and Mr. Grabski, who indirectly called for Mr. Kania's removal at a Central Committee session on June 10.

Others were Tadeusz Fitzbach, the liberal Gdansk party leader; Andrzej Zabinski, chosen by Mr. Kania to replace an associate of former party leader Edward Gierek as party chief in Katowice; Henryk Szablak, an unknown provincial party chief from Ostroleka; and Stanislaw Kociolek, the conservative Warsaw city party leader.

Polish officials said later a letter purportedly from former Communist Party leader Wladyslaw Gomulka questioning Mr. Kania's political background had been circulated among congress delegates.

They said the letter, which may not be authentic, linked Mr. Kania with the decision to use troops to quell worker riots in the Baltic ports in 1970. Mr. Gomulka, 76, was removed shortly after the outbreak of the Baltic Coast violence and replaced Mr. Gierek.

Speakers from the Soviet Union, East Germany and Czechoslovakia expressed their deep concern at what they described as the counter-revolutionary threat.

The Czechoslovak delegate, Antonin Capek, recalled Prague's argument that events in Poland in the last 12 months closely resembled the situation in his country in 1968, which led to Warsaw Pact intervention.

"We remember well the whole gamut of diverse means of cheap demagoguery and brutal pressure used by our internal and external enemies," Mr. Capek told the congress Wednesday.

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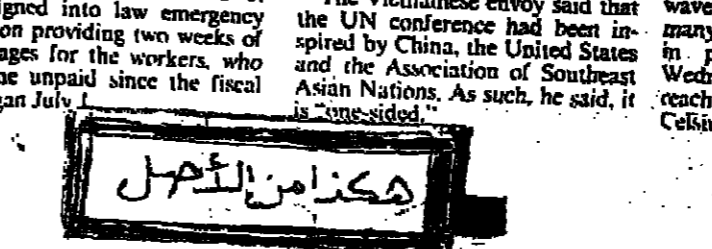
U.S. Jet Crashes in Alaska

(The Associated Press)

ANCHORAGE — An F-4 Phantom jet fighter on a routine training mission has crashed in a remote Alaskan area near Eielson Air Force Base, killing two crewmen, an Air Force spokesman said. There was no collision, he said, but he refused to give further details of the crash Tuesday.

Yard said, and these minor instances of unruly groups in several neighborhoods were quickly dispersed.

In the city's Brixton area, where looting and rioting erupted a week ago, more than 100 police officers staged an early-morning raid, entering 11 houses with search warrants, reportedly to seek firearms. Seven persons were arrested, five of whom were charged with possession of drugs.



House-Senate Panel, Largest Ever in U.S., Convenes on Budget

By Paul Houston
Los Angeles Times Service

WASHINGTON — The Senate and House have launched the biggest conference committee in U.S. history to work out differences in bills that would cut more than \$37 billion from the federal budget in the fiscal year beginning Oct. 1.

Sen. Pete V. Domenici, the New Mexico Republican who was named chairman of the Senate-House panel, said the conference was unprecedented in both the number of members and the range of subject matter.

Sixty-nine senators and 160 House members have split up into 44 subcommittees to work on legislation that, at President Reagan's urging, would slash more than 250 federal programs, dramatically reducing aid policies dating from the New Deal. The committee began work Tuesday.

Sen. Domenici said leaders of the Democratic-controlled House and the Republican-controlled Senate had agreed to try to reach a conference agreement on the spending-cut bill before Congress recessed in August.

One prominent House member, Rep. Phil Gramm, Democrat of Texas, was left off the conference committee by House Democratic leaders who were annoyed by his role in co-authoring the Reagan-backed measure that won House approval last month.

It was the first disciplinary action that leaders of the Democratic majority in the House had sought against party conservatives who

joined in a winning budget coalition with Republicans.

Rep. James R. Jones, the Oklahoma Democrat who is vice chairman of the conference committee, said he told Rep. Gramm that "it didn't work out... he was low in seniority... we had more requests to serve than we had space."

Rep. Gramm protested that it was "unprecedented that a major author of a piece of legislation is not appointed as a conferee."

Considering the lengths of both the Senate and House versions of the legislation, there are relatively few differences to be worked out; the House bill would cut \$37.3 billion from current programs in fiscal 1982 while the Senate version would cut \$38.1 billion.

Sen. Domenici said that "not more than 20 issues are likely to be difficult, but there could be 50 or so issues that require discussion."

The two biggest differences between the Senate and House bills involve cutbacks in Medicaid and various health programs that Mr. Reagan wants rolled into block grants substantially controlled by the states. Other major differences include cuts in dairy price supports, Conrail and so-called impact aid to school districts that have military installations.

The conference began its work after Senate Republican leaders spurned a bid by Mr. Reagan to bypass the conference, which he considered too large. The president, at Budget Director David A. Stockman's urging, asked that the Senate consider adopting the House-passed bill.



GARDEN PATH — President Reagan strolled Wednesday with Supreme Court nominee Sandra Day O'Connor in the White House Rose Garden. The Arizona appeals judge met with Mr. Reagan and congressional leaders.

Turnabout on Latin Rights By Reagan Called 'Illegal'

By John M. Goshko
Washington Post Service

WASHINGTON — The chairman of the congressional Joint Economic Committee has accused the Reagan administration of "immoral and illegal" action in deciding to reverse a U.S. policy of opposing loans by international development banks to four South American military regimes.

"The administration has played fast and loose with the law," Rep. Henry S. Reuss, a Wisconsin Democrat, told Myer Rashish, undersecretary of state for economic affairs, on Tuesday.

Rep. Reuss contended that the decision to support loans for Argentina, Chile, Uruguay and Paraguay violates a 1977 law prohibiting U.S. backing for such loans to countries engaged in systematic violations of human rights.

Similar criticism of the administration's action was expressed to Walter J. Stoessel Jr., undersecretary for political affairs, by Rep. Don Bonker, a Democrat from Washington and chairman of the House subcommittee on human rights, during a hearing on the administration's rights policy.

Policy Turnabout

In a turnabout from the policy set by former President Jimmy Carter, the administration decided July 1 that it no longer will abstain or vote against loans from the World Bank and the Inter-American Development Bank to the four countries. Secretary of State Alexander M. Haig Jr. justified the move on the grounds that these regimes had improved their rights records, and both Mr. Stoessel and Mr. Rashish reiterated that position on Tuesday.

In a lengthy statement, Mr. Stoessel stressed that the adminis-

Vatican Expects Shortfall On 1981 Budget of Curia

By Henry Tanner
New York Times Service

ROME — The Vatican, in a rare public disclosure of the state of its finances, announced Wednesday that the Curia, the government of the Roman Catholic Church, will have a deficit of 31 billion Italian lire this year (about \$26 million at the current rate).

In lire, this is almost twice the size of the deficit two years ago. In early November, 1979, the Vatican had announced that the shortfall for that year was 17 billion lire (about \$20 million at the rate prevailing then). The gaps appear smaller in dollars because the exchange rate in 1979 was 840 lire to the dollar, whereas now it is about 1,200.

Wednesday's official announcement stated the figures in lire only. The lira is the monetary unit of the Vatican.

The statement was issued at the end of a two-day conference of 15 cardinals, all non-Italians, who had been chosen by Pope John Paul II to review the Curia's finances.

Cardinals' Proposals

The dramatic growth of the deficit meant that economy measures and proposals for administrative reform recommended two years ago by the full Sacred College of Cardinals either have proved ineffective or have not been carried out.

The cardinals called for streamlining the overblown bureaucratic structure of the Curia, including the abolition or merger of several secretariats.

The statements on the size of the deficits for 1979 and the current year are described by Vatican experts as the first public disclosures of their kind. No statement was issued for 1980.

The break with secrecy was ordered in 1979 by the new pope, who had been in office slightly more than a year at the time.

Wednesday's statement contained an implied appeal to the wealthier Catholic communities around the world to step up their contributions to the Curia.

"I said that the Vatican would be seeking a 'more adequate and or-

ganic collaboration from local churches." A Vatican source said that this meant that rich communities in the United States and West Germany have been asked to increase their payments.

According to Messas

Already in 1979 the College of Cardinals was understood to be discussing a system under which Catholic dioceses around the world would be asked to pay in keeping with the means of each diocese.

The annual deficit of the Curia has traditionally been covered by voluntary contributions coming from dioceses all over the world and by "Peter's Pence," the special collection taken up every February in every Catholic church around the world and put at the disposal of the Holy See.

In November, 1979, the College of Cardinals warned that if the Curia's expenses were permitted to increase further, the Holy See would find itself in serious difficulty within a few years and would no longer be able to carry out its mission adequately.

Wednesday's statement made no such comment, but church sources said privately that it reflected the deterioration in the Curia's financial situation that the cardinals predicted two years ago.

Nicaraguan Official Admits Receiving Soviet Tanks

By Juan M. Vasquez
Los Angeles Times Service

MANAGUA — A prominent member of the Nicaraguan government has acknowledged that Nicaragua has received Soviet-made tanks in reaction to what he said was the threat of invasion and the "arms-supply politics" of the United States in Central America.

Jaime Román Wheelock, one of the nine members of the all-powerful directorate of the Sandinista National Liberation Front, said Tuesday in an interview that Nicaragua recognized "an obligation to arm ourselves, so we asked friendly countries for help."

The disclosure was the first confirmation of published reports last month saying that the U.S. State Department had received evidence of the Soviet tank shipments. The State Department called the introduction of Soviet-made T-55 tanks into Nicaragua a threat to the regional stability of Central America.

"We won't say if they're T-55s or whatever," Mr. Wheelock said. "Let the State Department figure it out. As for how many there are, let's just say the quantities shouldn't bother anybody, except those who might be interested in invading us."

Leaders Tense

His remarks reflected the tension that has gripped the leaders of the Nicaraguan revolution that ended the dictatorship of Anastasio Somoza in 1979 ever since the emergence of terrorist bands along the border with Honduras.

The former Somoza National Guardsmen have staged a series of raids on border outposts inside Nicaragua this year that have killed several soldiers. More than a dozen nonmilitary members of a rural literacy campaign have also been slain, according to the government.

In Honduras, the existence of the Revanchist Somocista camps is an open secret. Some members of the conservative military government of that country are believed to favor an outright attack on Nicaragua.

Training camps have also been reported to exist in southern Florida and near New Orleans, which prompted the Nicaraguan government to prepare a note of protest to the U.S. government early last spring.

Mr. Wheelock charged that the "arms-supply politics" of the United States — a reference to military assistance to the governments of Honduras, El Salvador and Guatemala — was encouraging the terrorists.

The assistance was kept to low

levels under the Carter administration, with all aid and sales banned to Guatemala because of its human-rights record, but increased aid is expected.

U.S. Aid Cut Off

The Reagan administration has announced that human-rights considerations will no longer be an overriding factor in deciding whether to provide military assistance to friendly governments.

Nicaragua, however, because of allegations that it helped supply

weapons to guerrillas in El Salvador, has been cut off from virtually all forms of aid from the United States.

Mr. Wheelock contended that in the face of the military threats facing Nicaragua, the country had no choice but to ask for military aid from any willing country, and to accept what was given.

"We didn't want to spend a single dollar on arms," he said. "Fortunately, they were given to us."

A ranking U.S. diplomat said that the discovery of the tanks was

a worrisome development because it introduced a new offensive weapon into an already tense situation.

"In real military terms, they're less than meets the eye," he said, reflecting a consensus that tanks would not be a decisive military factor in the rugged mountain terrain of Nicaragua. "But in psychological terms, they're worrying other people. They're raising the paranoia level, and paranoia is what leads to international conflicts."

U.S. Begins Deportation Proceedings Against Salvadorans Seeking Asylum

By Laurie Becklund
Los Angeles Times Service

EL CENTRO, Calif. — The Reagan administration has quietly taken the first step toward deporting thousands of Salvadoran refugees who have applied for political asylum in the United States, State Department sources said.

One source said that the department had begun sending out 1,200 letters to Salvadoran emigrants, telling the vast majority of them that they have failed to meet U.S. criteria for asylum. The refugees have filed the civil violence in El Salvador.

While the State Department said publicly that some applications for asylum had been accepted, officials of the Immigration and Naturalization Service and refugee aid groups said they had seen no letters approving claims for asylum.

The State Department source said that the letters indicated that the Reagan administration has opted for a strict, narrow interpretation of U.S. political asylum laws.

According to Robert Mitton, the acting INS district director in San Diego, that interpretation will mean that a Salvadoran claimant would have to show written proof, such as a newspaper clipping naming the individual or a convincing affidavit, that he would be persecuted if he returned home.

Salvadorans' claims had not been processed for more than a

year, while the Carter administration debated whether to grant all Salvadorans temporary refuge because of continuing violence in El Salvador. In the last days of the Carter administration, a compromise emerged to delay any rulings on the requests for asylum. In that time, nearly 4,000 requests for asylum built up, the INS said.

Judith Jamison, a State Department spokeswoman, said that the Bureau of Human Rights and Refugee Affairs began to process asylum cases in April, and that some had been approved, although she refused to indicate how many.

But immigration lawyers and officials in Southern California said Tuesday that they had not seen

any letters recommending approval, adding that more than 200 such letters had passed through their offices since last month.

"Well-Founded Fear"

Warren Leider, executive director of the National Immigration Project of the National Lawyers' Guild, reported that immigration lawyers in several cities had begun receiving the letters and that there had been no "nonnegative responses."

"Everybody, all the lawyers, just started getting form letters back a couple weeks ago saying that their clients had not proved a well-founded fear of persecution if they were to be deported," said Bruce Bowman, a lawyer for a church-funded legal aid group for Salvadorans.

"It doesn't seem to matter how weak or how strong the cases are," he said. "The U.S. government finally has shown it is determined to prove these people are not political refugees, that they are just coming here looking for work."

The government's letter is one step — but an important one — in a lengthy and complicated process for deportation, and there is provision for a series of hearings and appeals. As a practical matter, many refugees will probably return to El Salvador voluntarily because they cannot afford a lawyer or bail.

Reuters Weighs Purchase of UPI

The Associated Press

LONDON — The British international news agency Reuters Ltd. is considering a proposal to enter negotiations to buy United Press International, the financially ailing U.S. agency.

In New York, Roderick W. Beaton, UPI's president and chief executive, said that no serious negotiations were under way with Reuters or any other agency or individual on selling the news service. He noted, however, that UPI had publicly announced that it was "seeking a change in its ownership status."

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Sir Peter Cargill Of World Bank Is Dead at 65

Washington Post Service

LONDON — Sir Peter Cargill, 65, a retired senior vice president of the World Bank, died Friday of an internal hemorrhage. Sir Peter, who lived in Washington, had been granted a knighthood in the queen's birthday honors list this year. He went to England to receive the honor from Queen Elizabeth II.

Sir Peter, whose full name was Ian Peter M. Cargill, joined the World Bank in 1952 as a loan officer and was a senior vice president at the time of his retirement in July, 1980. During his years with the bank, he specialized in work concerning the Indian subcontinent.

Pal C. Mohar

BUDAPEST (AP) — Pal C. Mohar, 87, a Hungarian painter noted for his biblical and medieval scenes and landscapes and nudes, died Monday.

Rene A. Wormser

NEW YORK (NYT) — René A. Wormser, 84, a lawyer who specialized in estate planning and wrote six books about it, died Tuesday. He was the author of "Personal Estate Planning in a Changing World," which went through nine editions after its initial publication by Simon & Schuster in 1942.

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British Cause and Effect

The House of Commons begins formal debate today on the worst civil disorder in Britain since the end of World War II. If its members are unable to meet the need for a far-reaching and imaginative solution based on analysis, compassion and a willingness to renounce partisan gain, the result could be a national disaster.

Prime Minister Margaret Thatcher can set the right tone by directing her attention away from the hardware of modern riot control — CS gas, water cannon and rubber bullets. In response, the frustrated opposition can abstain from shouting her down with pithy epithets like "stupid woman" and "silly cow."

If both parties are true to form, though, the debate, itself, will probably go along the following lines: The prime minister will assert that discipline has broken down in the home and the community and that until order is restored, nothing can be accomplished. The Labor opposition will assert that unemployment is to blame and that until Mrs. Thatcher changes her economic policies the situation can only get worse.

It doesn't take much sense to recognize that both sides are partly right. There has been a breakdown of order and the Tory government's economic policies have brought the pot to the boil. There is also, however, a fundamental error in Mrs. Thatcher's position. She is describing an effect rather than a cause. The same complex web of circumstances that have brought about the riots are responsible for the collapse of discipline in the family and the community.

In the broadest sense, there seems to be a feeling in Britain that the old order has failed. Millions of young people, white, brown and black, see little hope of escaping from deprivation. The most alienated of the whites blame Asians and blacks for their troubles. The Asians and blacks blame the whites, symbolized by the police. All reject their parents to the extent that parents accept the status quo. All reject the community, because it represents the establishment.

Mrs. Thatcher recognizes the economic root of the problem. She understands that for any long-lasting solution to work, British productivity must be substantially increased; that spending cannot continue to outrun income; that inefficient operations, both in the private and the public sectors, must be turned around or phased out.

But she seems to have little understanding of the social magnitude of the British disease. Her single-minded focus on law and order to the exclusion of other dimensions of the upheaval can be expected to confuse and exacerbate matters, to further alienate the nonwhite and the jobless. Mrs. Thatcher is acting as if she thinks banging her fist on the table will make everything fall into place. Well, it hasn't in Ulster. And there is no reason why it should in Brixton, Bristol, Southall or Green Wood, either.

Mrs. Thatcher is right in asserting on restoring law and order. She is also right to give the police the means to do their job efficiently, even if it means using rubber bullets. But she is wrong in not considering additional funds to improve living conditions in deprived areas until there is a full return to quiet. She is wrong to hold up spending aimed at creating new jobs for the young. She must display some awareness that the rioters are not all the same — that an East End skinhead off on a "Paki-bash" with swastikas on his arm, chains in his hands and steel toes on his boots, is very different from the Southall Asian he is out to maim. But most of all, Mrs. Thatcher must demonstrate that she understands that the British disease is now acute.

In the United States in the late 1960s, the cities were burning — Watts, Washington, Newark, Detroit. But the government was also in the process of putting into place the Great Society, which rightly or wrongly made it appear sensitive to the needs of the poor. There was a widespread perception that government cared. It is impossible to say just how much that feeling contributed to the quenching of the fires, but few would argue that it did not contribute at all.

In Britain, there is no general perception that the government sympathizes with the problems of the poor and the unemployed. The opposite may be true. One young West Indian told a New York Times reporter that Mrs. Thatcher "has no regard for human life. She has no moral standards." If that view becomes widespread — and it may already be in the riot-torn areas — no amount of gas or rubber bullets will stop the riots. Unless Mrs. Thatcher can show more compassion than she has been able to project in the past, Britain may be just beginning the first in a series of long, hot summers.

INTERNATIONAL HERALD TRIBUNE.

For an Energy Affiliate

The fivefold increase in the real costs of energy has put the 90-odd developing countries that import oil in a desperate bind. To break out of poverty they must make all kinds of expensive investments. But for most of them, energy costs are consuming what money is available and contributing to a soaring debt as well.

The good news is that their energy needs are small. These 92 nations collectively use only about 12 million barrels of oil a day, or three-quarters of daily U.S. consumption. For about 60 of them, daily imports are less than 10,000 barrels. Amounts of oil that are hardly noticeable in American terms can make the difference between near bankruptcy and a chance for affluence for them.

Predicting where undiscovered oil reserves may lie is still a highly uncertain business. The only sure way to find out is to drill exploratory wells. But drilling is expensive, complicated and risky. This is one reason why only 5 percent of current world exploration is taking place in a collection of countries that are estimated to hold up to 40 percent of the world's prospective reserves.

There are other factors: political instability, the fear of expropriation and the expectation that none of these countries harbors fields large enough to make a dent in the needs of an industrialized country. Still, the potential exists for many small- to medium-

size fields. A field that might be insignificant to Exxon would make all the difference in Benin or Thailand or Cyprus.

Clearly there is a need for an institution to provide a source of money, insurance against political risk and access to planning and management expertise. It exists in the World Bank, which is already lending money for energy development. But the need far exceeds the resources of the bank, which last year recommended the creation of a new energy affiliate to double current lending goals.

Debate on the merits is going on in the Reagan administration, which initially was not keen on the idea, for ideological and economic reasons. But the administration professes a strong commitment to developing the energy resources of non-producers and to giving the World Bank an important role, along with OPEC and private capital.

Others point out that every barrel of imported oil replaced by new finds in the Third World will ease pressure on the world market, drive down prices, stretch out reserves and lessen American reliance on the volatile Middle East. Ultimately, moreover, economic growth in Third World countries will contribute to their political stability and diminish opportunities for Russian troublemaking, not to mention open markets for American products.

THE WASHINGTON POST.

The Spymaster's File

The Max Hugel file, it turned out, was a little thicker than the CIA realized when it signed up the erstwhile New Hampshire businessman and Reagan campaign aide as deputy director of operations in May. The check that the agency ran on Mr. Hugel failed to pick up the tangled skein of certain of his business affairs.

Two former associates, tapes in hand, have accused the nation's chief spymaster of engaging in improper or illegal "insider" stock market practices. Mr. Hugel denied all charges and, within hours, resigned.

The episode is a pie in the face of the CIA and its director, William J. Casey, who had rocked the agency's old-boy network, and raised eyebrows elsewhere, by choosing as his aide for covert operations and clandestine intelligence-gathering someone with no previous experience in those fields. The CIA is not the first organization to hire a bit hastily. Still, it has better reason and resources than most to proceed carefully. It is not hard to imagine scenarios — several novelists are

probably at it already — with far graver endings than the resignation of an official whose difficulties lay entirely in his business past. That these difficulties were of a sort unquestionably familiar to Mr. Casey, a former chairman of the Securities and Exchange Commission, sharpens the question of how Mr. Hugel passed through the CIA screen.

In some quarters, Mr. Hugel's departure is being taken, and even celebrated, as vindication of the folly of bringing in an outsider to run the country's agents and spies. But the tinge of social snobism aside, this is a narrow view. His trouble came not in intelligence, in which he was an outsider, but in business, in which he was an insider.

It has to be put down as a moot question whether the street-smart, freewheeling Mr. Hugel would have done better or worse as a spymaster than those intelligence insiders whose shortcomings had made it seem sensible enough to install an outsider in the first place.

THE WASHINGTON POST.

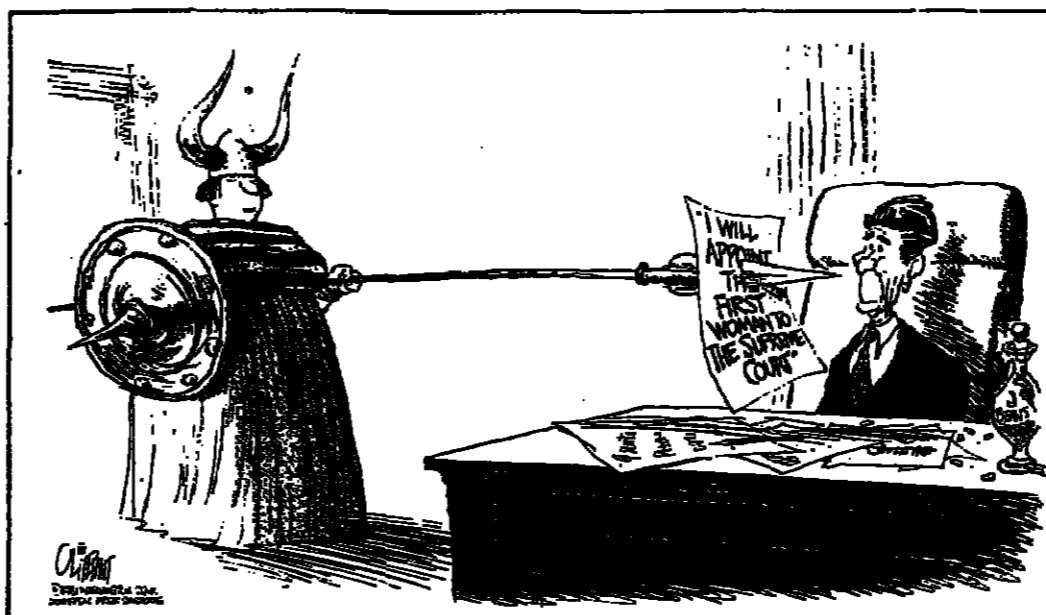
In the International Edition

Seventy-Five Years Ago
July 16, 1906

WASHINGTON — One of the greatest possibilities of trouble in congressional elections is promised by the activity of the Federation of Labor, numbering 1.5 million trades unionists, which threatens to oppose all candidates refusing to pledge their support to anti-injunction and eight hour bills and other labor legislation. While the Republican and Democrat leaders are resting for the November fray, the Federation is preparing to put candidates into the field where the regular candidates are hostile or indifferent to labor. Their campaign is aggressive, even bellicose, encouraged by the recent election of 53 members to the British Parliament.

Fifty Years Ago
July 16, 1931

PARIS — Today's editorial in the Herald on the change of the Spanish regime reads: "The new Spanish Cortes has opened auspiciously. The speech of the provisional chief of state, Alcalá Zamora, was a model of tense eloquence. He emphasized that the revolution had been bloodless and that the republic is under no foreign obligations. The absence of any popular disturbance during the parade in honor of the inauguration of the Cortes is a hopeful omen. The great task of the constitution that will provide the formula for the election of the regular body that is to be the legislative branch of the new government."



An Effaced Court Awaits Her

By Joseph Kraft

WASHINGTON — No Supreme Court justice named in the last half century begins to rival in importance the president who made the appointment. So put aside as momentary overstatement the recent comment asserting that presidents chiefly make history by their selections for the court.

Even in that perspective, however, President Reagan's choice of Sandra Day O'Connor casts a long shadow. Not only does Reagan break a pattern of sex discrimination, he also delivers on a campaign promise in a way that fosters faith in the system. Finally, he shores up the court — or at least works against deterioration — by naming a justice with affinities to its shifting center as against its two extremes.

The honorific status of the court, whatever else may be in question, does not admit doubt. The Supreme Court is the most dignified of U.S. institutions, the holy of holies in the American system, the ark of the national covenant. Groups accustomed to view themselves as outsiders inevitably attach high importance to being included in the nomination of Louis Brandeis was a milestone for American Jews; the designation of Thurgood Marshall was the same for blacks. The just claim of women to a more equal role thus finds a fit cause for satisfaction in the nomination of Judge O'Connor to the highest tribunal in the land.

Reagan did not exactly promise that he would name a woman to the court. But he did commit himself in the campaign to fill "one of the first Supreme Court vacancies" by "the most qualified woman I can possibly find." Naming a man at this time, however meritorious he were, would have looked like the first step in a breach of trust.

Trust is perhaps the single most important bond between the leader and the led in modern society. The complexity of affairs has made it well-nigh impossible for most of us to make confident judgments about the working of government. The best we can hope to achieve is a

sense of rapport with an individual leader. So when a leader goes back on a pledge, the system as a whole suffers. When it is possible to deliver, as Reagan did in naming O'Connor, everyone benefits.

As to the court itself, it has recently been marked by vacillation, close decisions, tie votes and a record number of majority decisions without a plurality view. The dominant pattern of the last two years, largely unarticulated, has consisted of a ceding of authority once claimed by the court to the president, Congress and the states.

Muted Center
Behind the uncertainty and effacement lies a divided court. William Brennan and Marshall are liberals of the old school, partial to the rights of individuals and minorities and determined to assert the claims of the federal government against the states, law enforcement agencies and the big corporations. Chief Justice Warren Burger and Justice William Rehnquist are liberals who come down on the other side of those issues most of the time.

The floating center includes Justices Byron White, Harry Blackmun, Lewis Powell and John Paul Stevens. Potter Stewart, whose resignation opened the door to O'Connor's nomination, was a central member of the center. But the center, al-

though a majority, has backed and filled and chopped and changed and set down no clear guidelines. A typical example was Stewart's famous — and to my mind wrongly praised — remark about pornography: "I know it when I see it."

Nobody can assess how new justices will interact with a sitting court, but everything known about O'Connor tilts her toward the center. She is not identified with any ideological grouping. She has moved on the margin on such matters as abortion and the Equal Rights Amendment. A Republican, she was named to the Arizona Appeals Court by a Democratic governor. She had had experience in the building of majorities and the art of compromise as a leader in Arizona's Senate.

Whether O'Connor will be able to galvanize the center of the court and find a rationale for what often seems arbitrary and a tongue for ideas that remain muted is very much in doubt. She lacks experience in the federal system. "Bright" and "crisp" are the words used about her by her friends — not "deep" or "thoughtful." But the opportunity is there, and plenty of time for learning and reflection. At the very least, it is hard to see how O'Connor can do harm to an institution that is precious in no small measure because it is reversed.

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The Arguments for Looking Again at the B-1 Bomber

By John Newhouse

The writer was an assistant director of the Arms Control and Disarmament Agency from 1977 to 1979. He wrote this article for The Washington Post.

WASHINGTON — The B-1 bomber has returned to agitate the weapons selection process of another administration. Heavy bombers are expensive, even compared with most other strategic weapons. Compared with all others, they are even more expensive to operate.

And the B-1, of course, has a rival — the higher-technology Stealth bomber, about which much has been heard but little is known. We can assume that it will not be available before the end of the decade, and many of us suspect that its debut lies at least another few years beyond that. The choice, it seems, is whether to shelve the B-1 again and concentrate on Stealth, to spend more and proceed with both planes. A variant of doing both would be to develop something cheaper and less capable than the original B-1.

I hope President Reagan decides to proceed with the B-1, or a variant. Bombers have many virtues. A bomber force, unlike nuclear armed missiles, could be recalled from a rendezvous with history.

Bombers, because they are slow as well as recallable, are unambiguously second-strike weapons. At a time when each of the great military powers is expanding its presumed capability to knock out components of the other's weaponry — and some of that in a lightning first strike — the United States would profit from a decision to bolster the heavy bomber force, and sooner rather than later.

Everyone, including the other side, would see that the United States was keeping modern the one part of the triad of strategic forces that is least likely to acquire some pre-emptive, disarming capability. Given the importance of perceptions, it would be a useful signal to send. The heavy bombers also represent

the one area of strategic weapons in which the U.S. lead over the Soviet Union is clear and broad. That advantage should be sustained.

There are other attributes in favor of the bomber, not least its versatility. The weapons a carrier vessel wants to use, and is least likely to use, are nuclear bombs and warheads. Bombers, of course, can deliver conventional weapons in regional conflicts, a possibility that may on occasion be used to political advantage. A more modest version of the B-1 could be useful in the European theater, especially if NATO's decision to strengthen theater nuclear forces were to collapse under the heavy political

burden it carries in an environment bereft of SALT.

Although the costs are sobering, a new bomber would have no political liabilities. Almost any new strategic system, or basing platform, will generate heavy costs, some of which may be political as well as financial. Take the land-mobile MX: The administrations of Johnson, Nixon, Ford, Carter and now Reagan have groped for some sensible and acceptable method of making land-based ICBMs less vulnerable than they are judged to be in silos. The list of candidate methods is long and not very distinguished.

Over the years, there have been more variants of the multiple silo-

shell game option than most of us can remember. We have also heard about concealing missiles in swimming pools and a 3,000-mile-long trench that would have harbored missile-bearing trolleys; most recently, we have seen two versions of the multiple railcar scheme, one involving circular loops of roadways, the other linear networks. Neither will survive its political liabilities. Even if adopted, any such plan, after absorbing vast quantities of funds, would abort.

Let us also consider the Air Force, often the strongest of the services politically and custodian of two of the three legs of the triad. It is natural for the Air Force to have confidence in manned bombers. And there is a constituency for big planes that supports the Air Force's commitment to them. A shadow of doubt about the reliability of missiles (and their utility), compared with manned bombers, has always influenced the Air Force's thinking. A decision to go forward with the B-1 would buy years of relative peace with the Air Force and pay political dividends.

The Carter administration's decision to cancel the B-1 had serious but wholly predictable effects. First — and never mind why — it legitimized the land-mobile MX, a system that the Air Force had some doubts about until deprived by the B-1 decision of any other new system. The momentum for an MX deployed in some fugitive way was largely generated by the B-1 decision. Second, the cancellation of the B-1 did more harm to the SALT-2 agreement than any other of the Carter administration's actions.

Carter canceled it after concluding that a new penetrating bomber would be less effective than long-range Cruise missiles launched from airborne platforms. But his action was widely judged as be-

traying a lack of resolve about investing heavily in new strategic weapons. A number of senators, especially Republicans, who had mixed feelings about SALT, came more negative after the cancellation of the B-1.

The land, because there is so much of it, is the natural strategic environment for the Soviet Union, but not for the United States. With its long coastlines and easy access to deep water, the United States deploys nuclear weapons most comfortably at sea. It should probably have a larger proportion of its weapons there, although not all of them in ballistic missile submarines. The air itself is probably the next best environment.

But for many reasons, some political and some strategic, the United States will continue in the foreseeable future to deploy ICBMs on land, where they may be vulnerable. Keeping them in silos is probably the most sensible alternative. And there are ways of lessening the vulnerability of silos without reviving the ABM, which would be a disaster. For example, a large number of missile systems could be moved into silos located on the south sides of mountains, where incoming Soviet missiles could not strike them. It is a feasible idea, and it would cost a lot less than most schemes for protecting missile launchers that we hear about.

The budget for strategic weapons can be extended only so far. The B-1, or some variant, should be built, if only because we don't know when the more exotic plane might be ready. But the costs of big-ticket items such as bombers would have to be justified, at least in part, by sharp limits on spending for some other things, especially land-based missiles. The virtue of those weapons has always been their exceptional cost effectiveness. Their virtue should be protected.

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LAST KISS — A young woman gives a passionate goodbye kiss at the Zurich barracks to one of 16,000 Swiss men who were called up to report for 17 weeks of basic military training.

China Warns On Taiwan's Moscow Ties

Peking Reported To Caution Haig

The Associated Press
PEKING — Chinese officials told U.S. Secretary of State Alexander M. Haig Jr. that China would use military force if Taiwan seeks support from the Soviet Union, Chinese sources said Wednesday.

The sources, who were informed about the high-level talks during Mr. Haig's visit last month to Peking, asked not to be identified. China has said it would not tolerate Taiwan seeking a relationship with its rival, the Soviet Union. It was not known, however, exactly what action China would take under the circumstances.

Peaceful Intentions
The sources said that Mr. Haig and Chinese leaders discussed U.S. arms sales to Taiwan as a problem. They agreed, however, that their fundamental interest lies in developing the strategic relationship between China and the United States to oppose Soviet aggression.

Mr. Haig was told that Taiwan is Chinese territory, the Chinese sources said. As a matter of principle, China cannot promise the United States not to use force to recover its territory. The sources said China assured Mr. Haig it wants peaceful reunification of the island and mainland.

Taiwan has had no official relations with the mainland since the Nationalist government fled to the island in 1949 in the wake of a Communist takeover on the mainland. The island regime steadfastly refuses to talk with the Peking government.

The Taiwan government has also been consistently hostile to the Soviet Union. Mr. Haig visited Peking June 14-17 and met the Chinese leader, Deng Xiaoping, and other government and military officials. Mr. Haig announced then that the United States was willing for the first time to consider selling weapons and military technology to China.

Mr. Haig declined to elaborate on the discussions about Taiwan, saying only that the "understands" the U.S. position on weapons sales to Taiwan. China has vigorously opposed continuing arms sales to the island and any upgrading of unofficial U.S. relations with Taiwan.

Asked if China would downgrade relations with the United States over jet fighter sales to Taiwan, the sources said only that relations "will suffer." They said China is confident the United States will be cautious in making any such sales.

The sources said Chinese officials had told Mr. Haig that Taiwan would be treated like the autonomous region of Tibet if it peacefully rejoins the mainland. China has said Taiwan will be permitted to maintain its social and economic system, foreign relations and its own military.

Former Bokassa Aide Gets a 15-Year Term

The Associated Press
BANGUI, Central African Republic — A court here has sentenced a former Cabinet minister, Louis Alazoua, to a 15-year prison term for crimes committed during the rule of Jean Bedel Bokassa, who was overthrown as emperor in 1979.

Mr. Alazoua was convicted on charges of making arbitrary arrests and imprisonments, death threats, attacks against individual liberties and abuse of official power. He had been accused of arresting 67 persons illegally between 1971 and 1975.

Smith's Candidate Wins Zimbabwe Vote

By Jay Ross
Washington Post Service
SALISBURY — The Republican Front party of Ian Smith, the former prime minister, has won an election for a parliamentary seat reserved for whites, defeating a white splinter party that had campaigned on a platform of increased cooperation with the government.

The government of Prime Minister Robert Mugabe had closely followed this and an earlier election as an indication of the attitude of whites toward its policy of reconciliation.

John Probert, the Republican Front candidate, received 1,202 votes in the wealthy Salisbury suburb of Borrowdale, while Chris Mercer of the newly formed Democratic Party got 594 votes. Only 29 percent of those registered voted, an indication of white apathy since black-majority rule was established last year.

The victory demonstrated Mr. Smith's continuing hold on the few hundred whites who still control the economy in this nation of 7 million people. The party, which until last month was known as the Rhodesian Front, has not lost a white seat in Parliament since Mr. Smith gained power 17 years ago.

Hollow Victories
Until two years ago the victories meant that Mr. Smith, who declared independence from Britain unilaterally in 1965 to maintain white-minority rule, continued to lead the country in a bloody war against guerrillas led by Mr. Mugabe.

Nowadays the victories are hollow, since the 3-percent white minority can contest only 20 reserved seats out of the 100 in Parliament and thus has no chance to gain power.

On taking office last year, Mr. Mugabe proclaimed a policy of re-

Decor — Oliver Ford: A Cushion of Elegance

B. Willa Petschek
International Herald Tribune

LONDON — "I sometimes wonder," said Oliver Ford, "if clients think I have an aerosol on top of my head and I just have to press a button and a complete design scheme comes rushing out of my mouth."

Ford was sitting in his London office. Here was the decorator to Her Majesty the Queen Mother Elizabeth and the advisor to Blenheim Palace (residence of the Duke of Marlborough) in an office that resembles a Bedouin campsite. But that, Ford pointed out, is because he is rarely in it. Just back for two days from a job on a stately home in the north of England, Off to superintend the refurbishing of a villa in Monte Carlo. On to Rome to oversee an apartment, and from there by Concorde to Singapore.

Ford found his vocation haphazardly. His first interest was stage design and he took a job as a stagehand at the Royal Opera House in Covent Garden to learn how things worked. He decided he was in the wrong business, so he studied the decorative arts and the history of architecture and took off for Paris to work in 18th-century decor at Jansen's.

When Jansen opened a branch in London, Ford became managing director. By 1959 he was determined to branch out on his own. He flew to the Bahamas, where "the prospect of bankruptcy under sunny skies seemed less daunting." His first job there was for a couple who commissioned him to cover two cushions. "They were as successful as two cushions can be. I mean, they weren't about to be bought by the Victoria and Al-

bert or anything." Friends passed him on from house to house, and Ford was up and away.

Back in England, he soon became a hallmark, his name known in a world where the tradition of elegance is still taken for granted. Ford recalled the first house he ever decorated in England. "It had a big kitchen with a very high ceiling and I said to the client, 'You've got to paint the ceiling red because it will give warmth to this ghastly kitchen,' and it did have that effect except that everything was stainless steel and when they switched on the lights at night, every drop of water they split and all the water in the sink turned bright red and it looked as though they were washing in blood."

Ford does not turn down requests for modern rooms, "though I always make it clear to clients that I'm not a decorator who likes pressing buttons and beads come out of the wall."

One of the hardest things to decorate, he said, is a drawing room with a grand piano. "I had a client in Belgrave Square and several times a year she'd ring me and say she wanted to change the drawing room around and I'd go over and try to rearrange the furniture around the grand piano. I had that piano in every conceivable position, including standing up like a harp."

"Then one day the client asked me round and there was no grand piano. The room just fell into shape. It looked absolutely marvelous. That evening I dined with her sister-in-law, whose house I was also decorating, and there in the drawing room was the grand piano."

"I've always thought a grand piano should be stuck outside the house, the way Americans do with their air conditioners, and with just the keyboard inside. I think it would be tremendous fun walking around Grosvenor Square to see a dozen pianos stuck outside."

State Banquets
In addition to designs for private clients, Ford has done a number of state banquets for heads of foreign governments who give banquets in return for those given them by the queen. Talking about his work for the banquet given by King Hussein of Jordan for Queen Elizabeth II at London's Dorchester Hotel several years ago, Ford said:

"When you are taking over a large ballroom used by everyone, the heads of government want the whole thing changed to a sympathetic setting for themselves. For King Hussein, who actually flew over his own band for the occasion, I encased the walls of the ballroom in green and white silk.

"The principal guests sat in an Arabian Nights terrace with a golden canopy over their heads. I did a 65-foot lily pond filled with goldfish down the center of the ballroom. The pond contained thousands of gallons of water and my only worry was, it might leak in the middle of the banquet. The only thing that slightly spoiled it from my point of view was that at one end of the lily pond was a lovely screen behind which Hussein's band was playing 'Bluebell of Scotland,' which I didn't think very suitable for the occasion."

There are some special assignments he would like to undertake, including the setting of a historical series for television and a gala at Covent Garden. "But if I dropped dead tomorrow, I'm satisfied with what I've done with my life. The way I feel now, I'm doing to drop dead before tea. Have you had tea, by the way?"

Ford, whose own surroundings are an advertisement for his decorating skill, lives in a 15th-century fortified manor house in Wiltshire. "The house was described by Country Life magazine as 'a very interesting medieval house built circa 15th century, unfortunately modernized in the 17th century.'"

Though decorating is great fun, he said, it is also one of the hardest jobs in the world: "I'm a father confessor, a universal aunt, a protector and a buffer."

Designer Ford: Pianos,ugh.



Designer Ford: Pianos,ugh.

Mansfield Finds U.S.-Japanese Relations Improving, Says Defense Is the Key Issue

By Henry Kamm
New York Times Service

TOKYO — Admitting to having been concerned and perturbed over the course of Japanese-American relations, U.S. Ambassador Mike Mansfield said in an interview here that he believes the relationship is now "over the hump."

"The big issue is, of course, defense," the 78-year-old former U.S. Senate majority leader said. "I believe Japan is now more aware of the international situation and in the future will make every effort to increase its defense expenditures."

Joji Omura, the director-general of Japan's Defense Agency, added weight to Mr. Mansfield's view with a declaration Tuesday after a Cabinet meeting that it is urgent for Japan to improve its defense capacity. Reporting on a visit to the United States earlier this month, Mr. Omura said his talks with U.S. Defense Secretary

Caspar W. Weinberger and others convinced him that American expectations are high and Japan must improve its potential as an ally.

Testifying before a parliamentary committee Wednesday, a Japanese official presenting the Defense Agency's view declared that the Soviet Union has sharply raised its troop deployment, with 51 divisions now in the Far East compared to 46 last year. He also reported increases in aircraft and naval strength, and he said 30 percent of the Soviet strategic missiles are deployed in the region.

7th Fleet Moves

In his comments after the Cabinet session, Mr. Omura suggested without amplification that Japan plans to improve its air and sea defense capacities in line with strong American suggestions that heighten Soviet activity in the Indian Ocean has obliged the 7th Fleet to

divert much of its patrolling capacity.

Mr. Mansfield said Japan has agreed in principle to buy 123 F-15 jet fighters, 45 Orion anti-submarine planes, up to eight command-and-control planes and a number of C-130 transports. He reported further that Japan agreed to modernize and somewhat increase its navy and has begun to buy military items that require a long lead time.

Sharing of Technology

Despite his generally optimistic comments, Mr. Mansfield would only say he hoped that "we'll be able to get the 7.5 percent next year which has been announced" in increased Japanese military spending. He said he believes this to be the "limit we can expect" and added, "if we get that we'll be doing quite well." Despite the fact that Japan ranks eighth in the world in absolute terms in military spending, the nation spends less than 1 percent of its gross national product on its armed forces. By contrast, the United States is spending 5.2 percent of its gross national product for military purposes.

The U.S. ambassador expressed optimism that a controversial American request for Japanese sharing of technology with the United States under the agreement on mutual defense would be satisfactorily worked out within the year. An American diplomat remarked that the expected exchange has been a one-way street so far. Japan argues that sharing such technology would be counter to its policy of not exporting arms.

Although Mr. Mansfield was a Democrat in the Senate and an appointee of former President Jimmy Carter, he had praise for President Reagan. "This administration wants to conduct negotiations more politely and not make statements that could be considered threatening or demanding or pressuring," Mr. Mansfield said. He noted further that Mr. Reagan's policy was not to emphasize specific numerical targets in military spending. "They are more interested in the substance," he said.

But he said that Japan felt badly let down when Mr. Reagan lifted the grain embargo against the Soviet Union without consultation. Japan lost lucrative Soviet contracts to France and West Germany as a result of American requests for anti-Soviet measures in response to the intervention in Afghanistan.

U.S. Hearings Under Way On Wartime Internment

New York Times Service

WASHINGTON — Nearly 40 years after the internment of more than 110,000 Japanese-Americans, a federal commission is conducting hearings to decide what compensation, if any, is due the camp internees and their families.

"It is a sad and nationally humiliating story," said Abe Fortas, the former Supreme Court justice, before the Commission on Wartime Relocation and Internment of Civilians. "I believe the mass evacuation of those of Japanese ancestry and their prolonged detention was a tragic error, and I cannot escape the conclusion that racial prejudice was a basic ingredient."

In the first of a series of hearings to be held across the United States, the commission, created by Congress last year, heard testimony Tuesday from senators and representatives, as well as from Mr. Fortas, who served as an Interior Department undersecretary during World War II. Former government officials involved in the internment program were also on the witness list.

If the nine-member commission concludes that the detention of Japanese-Americans was unjust, it can recommend compensation.

Reparation Sought

John Tateishi, a spokesman for the Japanese-American Citizens League, said his group would urge the commission to approve financial reparation, totaling "perhaps billions of dollars," for the estimated 80,000 surviving camp internees and their families.

In February, 1942, President Franklin D. Roosevelt approved the relocation of West Coast Japanese-Americans to the government's so-called "reception centers" — wooden Army barracks controlled by armed military personnel. The Japanese-Americans, many of whom were held more than two years, were forced to abandon homes and businesses. They took to the camps only what they could carry.

A Justice Department official who was involved in the relocation program testified that Roosevelt's action was the result of "hysteria and fear" following the Japanese

bombing of Pearl Harbor on Dec. 7, 1941.

James Rowe, an assistant to Attorney General Francis Biddle in 1942, said the decision to intern the Japanese was made without much thought by Roosevelt. "I don't really think he spent much time on it," Mr. Rowe said. "It's a terrible thing to say, but I think it was a minor thing to him."

'Dark Page'

The commission opened with statements by Sens. Daniel K. Inouye and Spark M. Matsunaga of Hawaii, both Democrats, and congressmen from Hawaii and the West Coast. Sen. Matsunaga called the internment facilities "American-style concentration camps" and described the evacuation policy as "one of the darkest pages in American history."

Sen. Inouye, who is of Japanese descent and lived in Hawaii when the war broke out, was not among the citizens interned. He fought in the 442d Central Postal Directory, made up of Japanese-Americans, which served in Italy and France.

"While these men fought, and many of them died fighting for our country, their families were still held behind barbed-wire fences in the United States," Sen. Inouye said.

Ex-Member of Junta Jailed in Argentina

United Press International

BUENOS AIRES — Emilio Massera, a former Argentine junta member who has been a harsh critic of the present economic policy, has been arrested and ordered detained for 10 days at a naval base.

Mr. Massera, a former commander of Argentina's navy, was arrested Tuesday by the present navy commander, Armando Lambruschini. The arrest, which appeared to be a warning, had been requested by the army commander, Fortunato Galpieri, a junta member who has been a target of Mr. Massera's recent criticism.

DEATH NOTICE

Dr. HANS ADLER, died in Switzerland July 4, 1981. Former managing director of the Adler and Oppenheimer leather company, commander of the order of Leopold I and officer of the Belgian Order of the Crown. Husband of Elise Feitel, devoted father of Madeline, Genevieve, Dorothy Benoit and Jacqueline Wagner, loving grandfather of Andrew, Wesley and Alexandra Conway, and Ann-Bonnie. Burial at Strasbourg, France.

RSC's 'Troilus' Rubs Shakespeare the Wrong Way

By Sheridan Morley
International Herald Tribune

LONDON — The first Shakespeare production by the Royal Shakespeare Company to premiere at the Aldwych rather than Stratford in many years is Terry Hands' "Troilus and Cressida," an evening of curious comic-opera insecurity that suggests that the director early in rehearsal lost all confidence in the script and decided to go for the jokes.

True, "Troilus" is a pretty terrible little play with a totally broken-backed plot structure and an inability to resolve itself in any of its many directions, but in it are some quite good sequences, which go for nothing when played by a cast that, at least on the first night, behaved as if they were doing a special matinee for foreign schoolchildren on a hot afternoon and were accordingly terrified of losing audience attention.

The result was a kind of demented period pantomime in which the cynicism of this darkest of all Shakespeare's war plays goes for nothing. The casting of Joe Melia as Thersites suggests that Hands is after another "Oh What a Lovely War" but that he in fact is a company financially unable to handle the verse and even more often unable to relate to each other.

One or two performances, notably David Suchet's sumo-wrestler Achilles and Oliver Ford Davies' tortoise-like Nestor, have a life and a logic of their own, but in what is otherwise a distinctly B team of character actors neither James Hazeldine nor Carol Royle in the title roles can do much more than stand around looking bemused on the shaggy black bedspread that passes for a set. And it would be nice to know why Helen of Troy is played as an impression of Zsa Zsa Gabor.

There is fractionally better news from Puddle Dock, where the Mermaid is afloat again after a two-year refit: The theater is now a little larger and has been housed within a sort of office block, sadly killing the old pub atmosphere of the foyer, which now resembles a split-level hotel lobby.

On a largely unchanged stage is the traditional Jacobean Old-London revival, in this case the Jonson-Chapman-Marston "Eastward Ho" turned into a musical by its director, Robert Chetwyn, together with Nick Bicat (music) and Howard Schuman (lyrics). Any show that opens with its cast shrieking "1605" what a great year it is likely to be in trouble, and what kills "Eastward Ho" is a deep inability to decide what kind of musical it is to be.

The score desperately lacks the confident jollity of "Lock Up Your Daughters," while Schuman's lyrics strain after Jonson and end some way short of Lionel Bart. Moreover, the plot, largely concerned with a couple of young rakes seeking fame, fortune and America but ending up in London dungeons, does not quite lend itself to the songs that interrupt it, and when at the final curtain the cast comes back to reprise the hit numbers you suddenly realize there haven't been any.

Nevertheless, thanks to Richard O'Brien's beautifully sinister Quicksilver, the last 20 minutes do lift off into an eccentric revivalist meeting, and along the way Anita Dobson has some good moments as a Jacobean Bette Midler. For the rest, Morley's Third Law of Theater, which holds that musicals opening new buildings are usually terrible, remains, alas, intact.

Though somewhat curiously billed as a dream play, Howard Brenton's "Thirteenth Night" (now in the RSC repertoire at the Warehouse) comes as a sharp reminder that, when not having to fend off "Romans in Britain" court actions

Mary Whitehouse, he is Britain's leading stage writer of political thrillers. "Magnificence," at the Royal Court in 1973, was one such, and what we have now is an updated "Macbeth" written in the vein of those 1950s B movies that use Shakespearean plots in Chicago gangland settings.

Like Howard Barker's "The Loud Boy's Life," seen at the Warehouse last year, "Thirteenth Night" sets up a mythical but somehow vaguely familiar political figure of the present time, in this case a grass-roots Labor leader determined to reform the party in his own image. In the beginning he is a local branch organizer having a dream, or rather nightmare, of grandeur after being hit over the head during a run-in with the rightist National Front. But this somewhat phony framework allows Brenton to speculate on what might happen if real Socialism ever came to Britain, and the rather unexpected answer appears to be murder, mayhem and total political distillation.

There are moments in "Thirteenth Night" when Brenton seems to have trouble recalling whether he is doing an update of "Macbeth" or of "Julius Caesar," and

others when the sheer fun of finding modern parallels for the murder of Banquo, the arrival of the ghost (in this case Banquo disguised as an African ambassador) or the prophecies of the witches is inclined to override any basic message that the play may originally have had.

We get a rerun of the death in an idyllic English country setting from "Magnificence," and a delightful image of the Macduff figure having fled not to England but to a California swimming pool. We also get some splendidly Shavian definitions ("The sound of Labor Party democracy is broken glasses and raised male voices") but at the end of the evening various debates about nuclear disarmament, U.S. domination and the ethics of political crime have all been sacrificed to Brenton's increasing determination to go off in search of a good scene or a good line regardless of the overall plan.

Barry Kyle's cast (headed by Michael Pennington as the rebel politician) has been drawn largely from the RSC's current main-stage "Hamlet," and they seem to revel in the chance to exchange the politics of Elsinore for those of a faintly futuristic Britain. There is white-

hot anger in much of Brenton's writing about British Socialism that suggests that if ever he cares to define a single target and go for that, there will not be a lot left of the target.

Rounding off the current Round House season of visiting productions from the Royal Exchange in Manchester is Caspar Wrede's interpretation of "The Misanthrope," crowned by a manically funny star turn from Tom Courtenay. Though it uses the ultra-poetic translation of Richard Wilbur — which lacks the marvelous edginess of Tony Harrison's version at the National a few years back — this is still a brisk two-hour romp through Molière's sexist classic.

Most of the laughs are provided by Courtenay's increasing despair as life betrays him yet again, and by the equally increasing lunatic grandeur of Malcolm Pride's costuming. But the production badly needs the kind of strong female lead that Diana Rigg gave the National when Alcaeste was the National. And as a result what used to be an evenly mixed doubles becomes a solo turn for Courtenay and misanthropy.

Music

A Vintage Gluck Opera Is Uncorked

By David Stevens
International Herald Tribune

SPOLETO, Italy — One of the specialties of the Festival of Two Worlds since its inception 23 years ago has been the revival of little-known operas by well-known composers, the case in point this year being "L'Ivrogne corrigé," a French comic opera by Gluck, who is better known for sterner stuff.

In the mid-18th century French theater and *opéra comique* were in vogue at court in Vienna, and beginning in the late 1750s Gluck partly or fully set a number of texts by Favari, Anseaume, Sedaine and others. By that time he was a thoroughly schooled theater composer, especially in the setting of Metastasio's *opéra seria* texts, but the great "reform" operas by which he is known today were still around the corner.

Anseaume's text for "L'Ivrogne corrigé," which had already been set by another composer in Paris before being outfitted for Vienna consumption by Gluck, is based on a La Fontaine fable. The drunkard of the title is made to believe he is dead instead of dead drunk and is persuaded to mend his ways, at least temporarily, by a mock funeral and trial in the underworld. A subsidiary plot is that of the drunkard's daughter and her actor-boyfriend, who plays the role of Pluto in the underworld scene and extracts her from her father's plan to marry her to his loyal drinking buddy.

The work was given at the Burgtheater in 1760, a little more than two years before "Orfeo ed Euridice" was given on the same stage. The striking thing about the music of both is the similarity, not the difference. With most composers of the epoch, musical style did not change much between comic and serious, sacred and profane. The step from straightforward to parody is a short one, and there is music written for this drunkard, his family and his boozey friends, and demons that would not be out of place in the heavenly and infernal precincts of "Orfeo."

The London Stage

There are moments in "Thirteenth Night" when Brenton seems to have trouble recalling whether he is doing an update of "Macbeth" or of "Julius Caesar," and

others when the sheer fun of finding modern parallels for the murder of Banquo, the arrival of the ghost (in this case Banquo disguised as an African ambassador) or the prophecies of the witches is inclined to override any basic message that the play may originally have had.

We get a rerun of the death in an idyllic English country setting from "Magnificence," and a delightful image of the Macduff figure having fled not to England but to a California swimming pool. We also get some splendidly Shavian definitions ("The sound of Labor Party democracy is broken glasses and raised male voices") but at the end of the evening various debates about nuclear disarmament, U.S. domination and the ethics of political crime have all been sacrificed to Brenton's increasing determination to go off in search of a good scene or a good line regardless of the overall plan.

Barry Kyle's cast (headed by Michael Pennington as the rebel politician) has been drawn largely from the RSC's current main-stage "Hamlet," and they seem to revel in the chance to exchange the politics of Elsinore for those of a faintly futuristic Britain. There is white-

hot anger in much of Brenton's writing about British Socialism that suggests that if ever he cares to define a single target and go for that, there will not be a lot left of the target.

Rounding off the current Round House season of visiting productions from the Royal Exchange in Manchester is Caspar Wrede's interpretation of "The Misanthrope," crowned by a manically funny star turn from Tom Courtenay. Though it uses the ultra-poetic translation of Richard Wilbur — which lacks the marvelous edginess of Tony Harrison's version at the National a few years back — this is still a brisk two-hour romp through Molière's sexist classic.

Most of the laughs are provided by Courtenay's increasing despair as life betrays him yet again, and by the equally increasing lunatic grandeur of Malcolm Pride's costuming. But the production badly needs the kind of strong female lead that Diana Rigg gave the National when Alcaeste was the National. And as a result what used to be an evenly mixed doubles becomes a solo turn for Courtenay and misanthropy.

Music

Guernsey Phenomenon

By Edwin McDowell
New York Times Service

NEW YORK — One of this season's publishing surprises is a novel written by a British civil servant who died in 1976 at the age of 80 after having failed to get the book published in his lifetime.

The novel, "The Book of Ebenezer Le Page," was begun in the 1960s by G.B. Edwards. It is a story told by a bandy-legged, crotchety old bachelor who inveighs against any signs of change on the Channel Island of Guernsey, where he has lived his entire life. The book is written in a variant of the English patois common to Guernsey, a British possession 30 miles (48 kilometers) west of France's Normandy coast.

The novel has sold almost 10,000 copies in two printings since it was published in April, and has received glowing reviews. It had "a very gratifying" sale of paperback rights to Avon Books, according to Robert A. Gottlieb, president of Alfred A. Knopf Inc.

"You don't assume that a posthumous novel about the Channel Islands told largely in dialect is going to find a wide readership in America," Gottlieb said. "But the book evokes a very strong personal response in a lot of people." He described its publication as "an act of love."

The book was brought to the attention of Knopf by the British publishing company Hamish Hamilton Ltd. "When one of our editors passed it to me with a strong recommendation, I thought it was one of the most remarkable scripts I'd ever read," Christopher Sinclair-Stevenson, managing director of Hamish Hamilton, said in a telephone interview from London. "Publishers say that every day of the week, but in this case it was true. I couldn't think of another book like it."

But because the author was not only unknown but also dead, and because the book had a theme that was parochial on the surface, Sinclair-Stevenson decided to see if he could interest the novelist John Fowles in giving it his imprimatur. "I never met him, but I am a great admirer of his books," the editor said of Fowles. "So I took my courage in my two hands and sent him the script and asked him please to have a look at it. He was so enthusiastic that he not only wrote the introduction, but he wrote the chapter on Guernsey English and the glossary in the back of the book."

Edwards left his native Guernsey permanently in about 1926. During the 1930s he apparently wrote plays for a British repertory company and went to the Netherlands and Switzerland to write. But none of his earlier works remain, and, according to Fowles, Edwards told his landlady that he had destroyed much of his best work, including a "very good play."

"A reviewer for The Observer asked whether Edwards ever existed, or whether the book was written by Fowles under a pseudonym," Sinclair-Stevenson said. "But a number of people in the Channel Islands have since said they knew him, and some have come up with photographs of Edwards, so we have proof that he existed. We never had any doubts about the author, because the book is so peculiar that it would take a very curious talent to fabricate it."

Flippo Sanjust's clever and practical Spoleto production indulged his sense of luxury only in the rich, courtly costumes for the Furies and demons. Except for Elaine Bonazzi, whose French enunciation and stage experience set her apart as the drunkard's wife, the cast was of young-professional or advanced-student level.

Tonio Di Paolo excelled in both aspects of his double role as Cléon, the suitor, and the punitive Pluto, while Jonathan Green as the drunkard, Susan Peterson as his daughter and Patrick Meroni as the unrepentant drinking companion carried out their assignments with spirit. The important orchestral duties were executed with vigor and aplomb by the festival orchestra under Herbert Gietzen.

U.S.-China 'Secret War' in Vietnam Was Fought Beyond the Lens, Darkly

By Murrey Marder

WASHINGTON — Buried in the layered history of Washington-Peking relations — now officially in a period of "friendship" — is a hidden chapter of warfare that occurred out of camera range of the war in Vietnam.

Comparatively few Americans — despite the media attention that publicized the war so highly — have any idea that the United States and China fought during the Vietnam conflict. Not only did they clash physically and violently on numerous occasions, but their encounters also produced hundreds, if not thousands, of casualties on both sides.

U.S. and Chinese pilots fought at least a dozen air battles; Chinese-manned anti-aircraft batteries shot down scores of American planes over North Vietnam, and U.S. bombers regularly pounded Chinese-operated air force installations in that nation.

There may have even been a brief but furious ground battle between Americans and Chinese at an installation known as Son Tay, 23 miles (37 kilometers) west of Hanoi.

Chinese personnel possibly were the secretly reported, unidentified dozens of "large Orientals" who were caught by surprise and slain while fighting in their underwear by equally startled U.S. Special Forces troops who landed "by mistake" on top of them in the quarter-moon darkness of a November night in 1970.

Empty Cells

If those victims of the long-concealed portion of the Son Tay raid were Chinese, they too should be added to the unofficial casualty lists. For on the existing official record, no "confirmed" fight between Americans and Chinese ever occurred. To the knowledge of most Americans, all that happened at Son Tay was that an attempted rescue of U.S. prisoners of war embarrassingly found only empty prison cells.

The information on the unpublished U.S.-Chinese fighting comes from interviews with former U.S. officials, from several published but not widely circulated sources, and from official U.S. documents declassified after the end of the war. This information, only summarized in this article, may in turn be only fragments of the full record of perhaps more than a decade of undisclosed combat.

And there are at least two reasons why the information is relevant now: One is the need for the fullest public record for a nation that relies on public support to sustain its policies. Another is that China is currently engaged in an extraordinary act of public soul-searching of the past.

That process overlaps the time frame of what might be dubbed the third "secret war" in Indochina — between China and the United States. It is a far more clandestine war than the one that has been characterized as the "secret war" in Laos conducted by the Central Intelligence Agency and Laotian tribesmen, and the subsequent "secret war" of bombing North Vietnamese installations in Cambodia, beginning in 1969.

It is not known if China will ever reveal its full version of what it contributed — as a close ally — to Communist Vietnam, which it invaded in February, 1979. China's current leader, Deng Xiaoping, stated in an interview last year: "Do you know the amount of help we gave to the Vietnamese in those years? Twenty billion dollars. For a country as poor as China, it is much."

Mr. Deng made no mention of the price that China paid in lives to support North Vietnam; nor have Chinese leaders ever discussed publicly that for their own mutual self-interest, neither China nor the United States have ever

officially confirmed that they engaged in combat in Vietnam.

The number of Chinese casualties in the Vietnam war was not given the nation's population of approximately 1 billion. According to U.S. sources, a Chinese official told a French military officer that Chinese casualties in Vietnam totaled 2,000 — presumably meaning deaths, as distinguished from dead and wounded.

The number of casualties inflicted on U.S. forces by Chinese military personnel in the war is unknown and unknowable, if only because Americans rarely knew if they were being fired at by Chinese, Russians, North Koreans or anyone else, as distinct from North Vietnamese or Viet Cong.

What is known, according to authoritative U.S. sources, includes the following:

• During the 1960s, the United States and China engaged in aerial combat over North Vietnam and the Chinese-North Vietnamese border on numerous occasions. According to public Chinese claims, their pilots shot down seven U.S. military aircraft between 1965 and 1967, and damaged two others.

The loss of two of these planes was "confirmed" by official American sources and damage to two planes was described as "possible." Peking said it lost one MIG-17 to U.S. aircraft over China on May 12, 1966; the United States said nothing of the incident.

These details are recorded in a book largely unknown to the general public, "The Chinese Calculus: Deterrence," written in 1975 by Allen S. Whiting, a professor at the University of Michigan and one of the most authoritative U.S. specialists on the Far East. He was director of research and analysis of the region for the State Department from 1962 to 1966 and served as deputy U.S. consul general in Hong Kong — a prime U.S. listening post — from 1966 to 1968. Much of his material is based on "information available to the author from officially compiled data."

• Between 1965 and 1968, approximately 50,000 troops of China's People's Liberation Army were stationed in North Vietnam, directly supporting that nation's military operations and safeguarding China's security interests, Mr. Whiting reported. These troops included a large Chinese force that maintained a major base complex at Yen Bai in the northwest area of North Vietnam, with a 5,000-foot runway, nearly 200 buildings and anti-aircraft guns mounted on railroad tracks that permitted the weapons to be moved into caves.

Chinese anti-aircraft batteries at many locations regularly fired on U.S. air missions and were bombed in return. China also had large numbers of engineers and transport personnel in North Vietnam to maintain bridges and roads.

• North Vietnamese aircraft that engaged in combat with U.S. planes frequently took off from and returned to specially constructed airfields on the Chinese side of the North Vietnamese border. Chinese sources now confirm this without hesitation, as evidence of the support given to North Vietnam in those years. According to U.S. sources, Chinese and North Vietnamese communications and radar systems were designed to be mutually reinforcing in the cross-border region.

It is far less secret that U.S. strategy in the war was designed to avoid open conflict with China, and that Peking was genuinely fearful on numerous occasions that the war would be extended to China. That is documented in detail in many secret U.S. documents "leaked" to the public in 1971 in the Pentagon Papers furor.

According to Mr. Whiting, the mutual interest on both sides to avoid disclosing that the two nations were sometimes direct combatants

reached the point that a U.S. plane that entered Chinese airspace was pursued 12 miles (19 kilometers) into North Vietnam and shot down by Chinese fighters with the victory attributed by Peking to Hanoi — a claim that the United States knew was untrue but chose not to dispute.

President Lyndon B. Johnson boasted repeatedly, if privately, of his administration's ability to introduce what ultimately became more than 500,000 troops into South Vietnam and to conduct a calibrated, escalating air war against North Vietnam without touching off an overt U.S.-Chinese war.

President Johnson said the important distinction in the strategy was the difference between seduction and rape: with the United States incrementally tightening the pressure on Hanoi's leadership, North Vietnam and its Chinese and Soviet allies were being given no justification for violent outcry about an expanding war; China could not scream, "Rape!"

There was a high price for seduction, however, in the judgment of U.S. military commanders.

In order to avoid crossing the threshold that could bring China openly into the war, U.S. "buffer zones" that varied in size over the years kept U.S. aircraft away from the sensitive Chinese-North Vietnamese border. As a consequence, China was able to build up large stockpiles of war supplies for North Vietnam in the buffer zone, and North Vietnamese aircraft pursued by U.S. fighters had a corridor of sanctuary extending to airfields over the Chinese border.

Target: China

As the conflict in Vietnam intensified, China in 1966 was plunged into chaos by Mao's Cultural Revolution, now officially acknowledged by Mao's successors as a "catastrophe." With the entire society in turmoil, China was then more vulnerable to foreign attack than it had been in a generation. From a purely strategic standpoint, the country was a target for its most powerful enemies — the United States and, by then, the Soviet Union as well.

At alternate times, although neither nation would conceive of admitting it officially, the United States and the Soviet Union each have contemplated doing to China what Israel recently did to Iraq: destroying its nuclear installations. The American consideration seems to be well documented on the authoritative, though unofficial, records in Moscow, far more cautious about what it discloses, has never gone beyond hints that it might have considered "taking out" China's nuclear installations.

One official who supported the elimination of China's then-embryonic nuclear bomb facilities was the late Robert F. Kennedy when he was attorney general. His brother, former President John F. Kennedy, also spoke in private about the possibility of such action in the early 1960s, before China tested its first atomic weapons.

Following a conversation with President Kennedy, the late Stewart Alsop wrote in The Saturday Evening Post that "a surgical strike" against China's gaseous diffusion plant at Lop Nor was under serious consideration. Stewart's brother, columnist Joseph Alsop, an intimate of the Kennedys, wrote in 1973 that "President Kennedy, who took an exceedingly dark view of the Chinese nuclear program, had ordered exploration of the idea of destroying that program in some sort of collaboration with the Soviets."

But both Presidents Kennedy and Johnson concluded that such an act raised the risk of touching off World War III. By the outset of the Nixon administration, however, the Soviet



U.S. Air Force bombers struck the North Vietnamese harbor at Haiphong during the spring of 1972, above, and dodged anti-aircraft fire from Chinese-operated batteries during the war. There may also have been ground fighting between U.S. and Chinese troops in 1970 when a Special Forces unit raided a prison near Hanoi in an attempt to release 70 American POWs.

Union was alarmed about China's growing nuclear stockpile. Either for psychological warfare purposes or for genuine intent, the Kremlin sent out numerous diplomatic feelers to learn if the Nixon administration would give tacit consent to a "preventive" Soviet attack to destroy China's nuclear capacity.

Just at that time, however, President Nixon and his national security adviser, Henry A. Kissinger, were secretly moving in the opposite direction: to execute a historic turnaround in U.S.-Chinese relations that would line up China with the United States as global counterweights to the Soviet Union.

On the scale of these geopolitical maneuverings, what occurred at Son Tay in North Vietnam on Nov. 21, 1970 — in the midst of the Nixon administration's secret moves to open a "back channel" of communications to Peking unknown to its own bureaucracy — is of relatively minor significance. But the secrecy that surrounded that particular incident is indicative of the entire climate of the times.

More was at stake at Son Tay than even the tantalizing prospect of sending a commando unit into a POW camp — indeed, one very close to Hanoi — and rescuing about 70 American POWs.

The Nixon White House was desperately in need of a moral and psychological victory; in order to sustain the very controversial war effort. The expansion of the war into Cambodia in April, 1970, to strike on the ground at Vietnamese Communist "sanctuaries" across the border had set off an uproar on university campuses and shattered what remained of the crumbling American consensus for support of the war.

According to a 1976 analysis of the Son Tay venture by Benjamin F. Schenmier, editor of the Armed Forces Journal, Mr. Nixon was given assurances of success in an Oval Office briefing by Adm. Thomas H. Moore, chairman of the Joint Chiefs of Staff, three days before the raid.

The operation did succeed as a high-risk

military venture, former Defense Secretary Melvin R. Laird and other senior Pentagon officials have insisted in recent interviews.

There were, however, two surprises. First, no U.S. prisoners were found at Son Tay; they had been moved perhaps 4½ months earlier. Second, part of the raiding party did not make the night landing at the Son Tay prison compound, landing instead at a secondary school about 400 meters south that resembled the prison from the air. That error was not disclosed in the controversy over the raid.

It was also minimized in the since-declassified secret after-action report signed by the commander of the Joint Contingency Task Group, Brig. Gen. Leroy J. Manor of the Air Force. He said: "I can unequivocally state that, other than the absence of prisoners at the objective, there were no major surprises in the operation."

Intense Firefight

Gen. Manor, who retired as a major general, firmly held to that position in a recent discussion, although his action report also states that there was an intense firefight at the school.

There the assault commander, Col. Arthur D. (Bull) Simons, and his assault "support group" were surprised to encounter "large Orientals" — who they were convinced were not North Vietnamese and who were officially described this way: "These personnel were Oriental, larger (up to 6 feet tall) than other North Vietnamese Army personnel in the area, and were not wearing the normal NVA dress but instead, wore T-shirts and fitted dark undershirts."

As a result of interviews with Col. Simons, who is now dead, and other members of the Special Forces assault team, Mr. Schenmier reported in a January, 1980, article that the raiding party "killed 100-200 Chinese troops" in the unplanned portion of the action.

Gen. Manor and his deputy task force commander, then Brig. Gen. Donald D. Blackburn, both have expressed great doubt that en-

emy casualties ran that high. There were 59 men in the captive assault force, Col. Simons had 21 with him at the evanescent landing spot, where radio transmissions show that they spent only 2 minutes and 15 seconds in the actual firefight. Col. Simons' group was extracted under fire by helicopter 4½ minutes after it landed and then joined the main assault force at the prison compound, where about 50 enemy casualties were claimed. North Vietnamese troops "Total combat casualties on the U.S. side were listed as one: a sergeant with a flesh wound in the lower thigh."

Gen. Manor and Blackburn, furthermore, at the time and since, have refused the identity of the "large Orientals" as "unknown" and "improvised." Chinese authorities in Washington said they knew of no Chinese unit in North Vietnam that fit the description in the official U.S. reports; and in addition, Chinese military personnel do not wear either "T-shirts" or "fitted dark undershirts." So much for underwar analysis.

As for Mr. Laird, his position is open. "These guys did such a hell of a job at Son Tay that if they thought they were Chinese, I'm prepared to go along with anything they say, even though I've got a question about it."

But perhaps most significant from the standpoint of disclosing the extent of actual combat between Americans and Chinese during the Vietnam War, no serious official follow-up effort was made at intelligence levels to ascertain if the "large Orientals" at Son Tay were really Chinese.

The lack of such a follow-up is "distinctly probable," said George A. Carter Jr., then special assistant to CIA Director Richard M. Helms and the senior CIA/scientist officer on the raid. But at the highest U.S. political and intelligence levels, it seemed that no one was too eager to find out if it was true.

For if it was true, if Chinese troops had been involved in the raid at Son Tay, then it would have been an awkward bit of information that neither side had any interest in acknowledging.

U.S. Contact With PLO: Channels Are Still Open in Never-Never Land

By Doyle McManus

Secret Talks Have Continued Despite Kissinger Promise to Israel

WASHINGTON — Publicly, direct negotiations with the Palestine Liberation Organization are not official U.S. policy. But the United States has been in secret contact with the PLO for at least seven years under presidents from Richard M. Nixon to Ronald Reagan on subjects ranging from the safety of American diplomats to Middle East peace.

The official policy of the United States is that it will not deal with the PLO as long as the guerrillas — a gang of thugs, in President Reagan's words — refuse to recognize Israel's right to exist. But the pattern of U.S. intelligence operations and secret diplomacy has been quite the opposite.

Beginning with clandestine talks initiated by Henry A. Kissinger as secretary of state in 1974, the United States has been talking to the PLO more often than not, according to well-placed sources in Washington and Beirut. The Carter administration made two concerted attempts to bring the PLO into peace talks with Israel, carrying on extensive indirect negotiations with the PLO leader, Yasser Arafat. Despite Mr. Reagan's rhetorical condemnation, his administration has quietly continued low-level contacts with the PLO through both the CIA and the U.S. Embassy in Beirut.

'Front Channel'

Some of the talks have gone through a secret "back channel," a line of communication between the CIA and the PLO intelligence network, the Jihaz al Rasid. But there is a "front channel," too.

The Beirut embassy has made direct contact with PLO officials several times for conversations on the security of the embassy, which is in a Palestinian area. According to some sources, these security talks have occasionally slipped into wider discussions of the situation in Lebanon. And the United States has negotiated indirectly with the PLO. Former President Jimmy Carter carried on a long, secret round of talks through officials of several Arab countries to try to prod Mr. Arafat toward recognizing Israel, but failed.

Whether the United States talks with the PLO, and on what basis, are issues that go to the heart of the Arab-Israeli conflict. Most Palestinians — Arabs whose ancestors inhabited the land on which Israel stands — say they will accept no peace negotiations that do not include the PLO.

Many U.S. diplomats in the Middle East maintain privately that no peace is possible without the participation of Mr. Arafat. "It is not possible to get support for a settlement on the [Israeli-occupied] West Bank without the PLO," said Harold H. Saunders after he

had left the office of assistant secretary of state.

Israeli leaders including Prime Minister Menachem Begin and Shimon Peres, the Labor Party leader, insist that they will never sit down with the PLO. "This organization is killing men, women and children, and it cannot be a party to negotiations," Mr. Begin said earlier this year. Mr. Arafat and other PLO officials counter that they already have the de facto recognition of most of the world, but they still cover open U.S. recognition, for that would strengthen their claim to a place at the negotiating table.

In 1975 the Israelis exacted a written promise from Mr. Kissinger that the United States would not recognize or negotiate with the Palestine Liberation Organization so long as the PLO did not accept Israel's right to exist and did not accept United Nations Security Council Resolutions 242 and 338, the two basic UN resolutions on the Arab-Israeli conflict. In practice, four successive administrations have found secret contacts with the PLO to be absolutely necessary, in the words of one State Department source.

In early 1974, according to several sources, Mr. Kissinger and President Nixon decided it would be useful for the United States to talk secretly with PLO officials in order to size them up on how flexible they might be in future Middle East peace talks. On at least two occasions Mr. Kissinger dispatched a member of his staff to meet with one of Mr. Arafat's aides, apparently in Europe. Israel and Jordan were notified, according to a former U.S. official familiar with the talks.

"Nothing substantial came out of it, but Kissinger prided himself on keeping lines open," he said. Mr. Kissinger refused a request for an interview on the 1974 contacts. "He never personally had a meeting with the PLO, but beyond that he feels he cannot make any comment," said Chris Vick, a spokesman for Mr. Kissinger.

In the very next round of U.S.-Israeli-Egyptian negotiations — the second Sinai disengagement pact in 1975 — the Israelis demanded and got Mr. Kissinger's promise that the United States would not negotiate with the PLO. Mr. Kissinger gave the pledge readily, a source said, because his limited contacts with the PLO had already convinced him that there was no immediate hope of bringing Mr. Arafat into peace talks.

But Mr. Kissinger did not interpret this agreement as meaning all contact between U.S. officials and PLO members was given away. In 1976, when President Gerald R. Ford ordered the Navy to evacuate American citizens from Beirut during the Lebanese

civil war, U.S. diplomats enlisted PLO help in providing security for the operation, and Mr. Kissinger later sent Mr. Arafat a message of appreciation for his cooperation.

The CIA link with the Palestinians was used for wider purposes, well-placed sources said, including informal exchanges of information. They said the CIA's key PLO contact was Mr. Arafat's chief of intelligence, Abu Hassan Salamah — the man accused by Israel of having planned the kidnapping of 11 members of the Israeli Olympic team at Munich in 1972. Mr. Salamah, also known as Abu Hassan, was killed by a remote-controlled bomb in Beirut in 1979.

When Mr. Carter took office in 1977, he initially took Mr. Kissinger's pledge more literally, but at the same time he began to believe that the time was ripe to attempt a comprehensive settlement of the Arab-Israeli conflict. He further believed that Palestinians — members of the PLO or not — should be involved. President Anwar Sadat of Egypt told Mr. Carter's secretary of state, Cyrus R. Vance, that the PLO was ready to declare publicly that Israel had a right to exist. In March, 1977, Mr. Carter told a town meeting in Clinton, Mass., that he believed the Palestinians deserved a homeland, but the PLO failed to reciprocate with an equivalent gesture.

Tacit Recognition

Still, Egyptian, Saudi and Syrian officials told U.S. diplomats that the PLO could be persuaded to accept Security Council Resolution 242, which guarantees the rights of all states in the Middle East, including Israel, to live in peace. If the PLO accepted Resolution 242, that would constitute tacit recognition of Israel's right to exist, would open the way to direct negotiations with the United States and might enable the PLO to join eventual peace talks, U.S. officials said.

There appeared to be only one basic problem. Mr. Arafat objected to the fact that Resolution 242 refers to the Palestinians as refugees, with no mention of any right to a homeland. In May, 1977, Mr. Carter met in Geneva with President Hafiz al-Assad of Syria and asked him to get Mr. Arafat's reservations on paper, a source said.

Meanwhile, the United States was talking with Israel, Egypt, Jordan and Syria about the possibility of a Geneva conference on the Middle East that might include Palestinian representatives as part of a single Arab delegation. The arrangement was devised so that Palestinians could participate in talks without requiring Israel to recognize them as

Palestinians. In June, the U.S. project was set back when Mr. Begin replaced Mr. Peres as Israel's prime minister, but Mr. Carter decided to press on.

The news from the PLO side seemed good. In August, Mr. Vance visited Saudi Arabia and was told by Prince Saud al-Faisal, the Saudi foreign minister, that Mr. Arafat was on the verge of accepting Resolution 242 in exchange for talks with the United States. Mr. Carter again tried to encourage the PLO. "If the Palestinians should say, 'We recognize UN Resolution 242 in its entirety, but we think the Palestinians have additional status other than just refugees,' that would suit us OK," Mr. Carter remarked.

But behind Mr. Arafat's signals of flexibility, a major debate was going on within the PLO. The hard-liners were putting up resistance to even tacit recognition of Israel. It was September or October before the U.S. State Department received the PLO's definitive reply, and the terms were unacceptable. The PLO agreed to accept Resolution 242, but only if the United States agreed to assist in the creation of an independent Palestinian state. Mr. Carter had never been prepared to go that far.

A month later, Mr. Sadat decided to negotiate on his own and flew to Jerusalem for the visit that eventually led to the separate Egyptian-Israeli peace treaty. The Egyptian-Israeli negotiations left the PLO out completely, and Mr. Arafat's guerrillas condemned them bitterly for that very reason.

In private, however, the Palestinians had not given up on the United States; they still wanted to know, sources said, whether negotiations could be resumed when the Egyptian-Israeli talks were over. Through the CIA-PLO channel, through private citizens such as Prof. Edward Said of Columbia University, a Palestinian-American who acted as an informal intermediary, and through friendly Arab governments, the lines of communication were kept open right through Mr. Arafat's public denunciations of Washington.

Arafat Opening

Eventually, Mr. Arafat himself resumed overtures to Washington. In November, 1978, he told Rep. Paul Findley, Republican of Illinois, that the PLO would renounce violence and recognize Israel if an independent Palestinian state were established. After Mr. Sadat and Mr. Begin signed their peace treaty in March, 1979, the Carter administration again attempted briefly to draw the PLO toward negotiations, this time by working on

a new UN resolution that would reaffirm Resolution 242 but also declare that the Palestinians had some right to a homeland, former officials in the administration said.

According to a British Broadcasting Corp. report, Mr. Vance went so far as to enlist a legal scholar outside the State Department to draft the text of such a resolution. But both Mr. Begin and Mr. Sadat objected to the project on the grounds that it would complicate the unfinished Egyptian-Israeli peace process. The United States dropped the idea.

Unfortunately for the Carter administration and particularly for its UN delegate, Andrew Young, the proposal stayed alive at the UN for a few more days. Mr. Young, seeking to avoid a Security Council vote that could force the United States to oppose its own proposal, met privately with the PLO's chief UN observer, Zehdi Labib Terzi. Israeli intelligence agents learned of the conversation, and a political furor erupted. Mr. Young told Mr. Vance that the meeting had included no real negotiations, but Mr. Vance apparently believed he had been misled. Mr. Young resigned.

Mr. Young's conversations with Mr. Terzi on a procedural UN matter were less substantive than many of the Carter administration's previous contacts with the PLO, but because they were unauthorized and because they became public knowledge, Mr. Young lost his job. Thus in public, the Carter administration was going to considerable lengths to avoid any appearance of contact with the PLO.

In 1979, the United States had to turn to the PLO for help. When Iranian militants seized the U.S. Embassy in Tehran, taking an undetermined number of Americans hostage, the United States had no immediate means of putting pressure on the erratic government of the Ayatollah Ruhollah Khomeini. Very few foreign governments or organizations enjoyed any measure of trust in revolutionary Iran, but the PLO was among the few.

The idea of using the Palestinians as intermediaries seems to have occurred to several people at the same time. Rep. Findley suggested it, as did Chancellor Bruno Kreisky of Austria. Almost immediately the "back channel" swung into operation. Mr. Arafat sent two emissaries to Tehran, one of them, Brig. Gen. Saad Sayel, being a graduate of a U.S. Army training program he attended as a Jordanian officer. The PLO chief clearly hoped that if he gained the hostages' freedom, the United States would be compelled to recognize that the PLO could act as a re-

sponsible party in international negotiations.

But Mr. Arafat, like the rest of the world, underestimated Ayatollah Khomeini's anti-American fervor. The Palestinian emissaries succeeded in gaining the release of the blacks and women among the hostages as a gesture of Islamic charity, but their proposal that the other hostages be freed fell on deaf ears. And other than Hani Hussein, the PLO envoy to Tehran, tried to salvage some public credit for the release of the blacks and women, he drew an outburst of wrath from the ayatollah.

When Carter administration officials admitted in Washington that they had sought the PLO's help, there was consternation among those who considered the Palestinians merely terrorists. Rep. Millicent Fenwick, Republican of New Jersey, said she was staggered by the news. "We must not deal with the mob, gangsters, unworthy tools," she said, while in fact the United States had been dealing with the PLO on such security matters for several years. Only a month before the hostages were taken in Tehran, Palestinian guerrillas who had been planning to take over the U.S. Embassy there.

Functioning Police Force

The PLO has the only functioning police force in the once-eloquent seaside district of Beirut where the U.S. Embassy is situated, as well as in many of the districts where the U.S. ambassador must travel. In 1976, Ambassador Francis Meloy Jr. was ambushed in his limousine in one of those districts kidnapped and slain. The U.S. Embassy had no direct contacts with the PLO at the time, and when American diplomats finally did talk to the Palestinians — through an intermediary at the British Embassy — Mr. Meloy had already been killed.

Such discussions have not been cut off by the Reagan administration, despite the president's pro-Israeli stand and his flat condemnation of the PLO as a terrorist organization. Israel apparently has not objected. "It has always been explained to us as part of your immediate concerns about the safety of your people," an Israeli diplomat said.

Some U.S. diplomats would like those conversations broadened. "The PLO as a force involved in the peace process by virtue of its position in the Palestinian movement," Mr. Saunders said yesterday. "That is not a policy statement by the U.S. Embassy in Jordanian governments. It is simply a political fact."

In the words of another State Department veteran, "We can't send our ambassadors there without them."

BUSINESS NEWS BRIEFS

Veba Seeking Metallgesellschaft Stake

DUESSELDORF, West Germany — Veba, the West German energy group, is seeking to purchase an interest in Metallgesellschaft, the metals, chemical and engineering company, from shares held by Dresdner Bank, spokesman for Veba and Metallgesellschaft said Wednesday.

Norway's Statoil Reports North Sea Gas Find

STOCKHOLM — Statoil, the Norwegian state oil company, said Wednesday it found reserves of natural gas in the Sleipner area of the continental shelf, southwest of Stavanger.

Honda Net Up in Dollars, Down in Yen

TOKYO — Honda Motor reported Wednesday that its consolidated net income for the first quarter fell 47.3 percent in dollar terms but rose 47 percent in yen terms.

GE to Develop Reactor With 8 Japan Firms

TOKYO — General Electric Co. said Wednesday that it and eight Japanese companies have agreed to test and develop an advanced boiling water nuclear reactor, or ABWR.

Prudential Realty Bid Tops U.K. Miners' Offer

By Thomas C. Hayes New York Times Service

NEW YORK — Prudential Insurance Co. of America said Tuesday night that it had agreed to acquire Connecticut General Mortgage & Realty Investment Trust for \$340 million in cash.

There is a great deal of interest among pension funds for getting into real estate, said Claude M. Ballard, senior vice president of Prudential. "We're already in the real estate business in a good way, and Connecticut General Mortgage has some real estate we're interested in."

Directors of Connecticut General Mortgage, who had opposed the offer from Second Boulevard Properties Inc., a corporation controlled by the pension plans of the employees of British National Coal Board, endorsed the bid from Prudential.

A spokesman said that the company's trustees considered the Prudential offer more in line with the value of its properties.

Mr. Ballard of Prudential declined to state whether Prudential or Connecticut General Mortgage had initiated the acquisition discussions between the two companies.

Prudential's offer is for \$42 a share, with acceptance of at least a majority of the shares necessary for the offer to be completed. In addition, the \$42-a-share Prudential offer includes all of two series of convertible debentures issued by Connecticut General Mortgage.

Mexico Claims Oil Firms Will Pay New Price

MEXICO CITY — Mexico says its top oil clients in the United States, Europe and Asia have indicated they will buy Mexican oil despite Mexico's announcement that a planned price cut has been halved to \$2 from \$4.

The Pemex statement said Shell, Exxon, Marathon Oil, Union Oil and Atlantic Richfield had joined state-owned companies in Spain, Canada, Brazil, Japan and France in giving "positive reactions" to resume purchases of Pemex crude.

U.S. Upset By Drop in Oil Stocks

Interest Rate Rise Cited in Storage Cut

By Judith Miller New York Times Service

WASHINGTON — High interest rates are causing an erosion of oil inventories that some Reagan administration energy experts fear could leave the United States vulnerable to a sudden interruption of foreign oil supplies.

Despite the current surplus in the world oil market, State Department, Energy Department and National Security Council officials who monitor stocks have expressed concern that oil companies are drawing down stocks at a time when inventories are usually being increased.

According to Lawrence Goldstein, director of research at the Petroleum Industry Research Foundation, a nonprofit New York-based research group, oil inventories in major industrialized democracies are being drawn down in July at a rate of 500,000 to 1 million barrels a day, a decline that he termed "unprecedented" for this time of year.

Mr. Goldstein and government energy officials attribute the drawdowns in large part to high interest rates, which are now above 20 percent. "Given the current market, it isn't reasonable for companies to hold large stocks, since it costs between 50 and 60 cents a month per barrel to finance the holding of the inventories," Mr. Goldstein said.

Besides high rates, another explanation for the inventory depletion is the shift in the balance of negotiating power between the companies and producing countries. After years of submission to the price demands of the oil exporters, companies are refusing to pay premiums and higher prices negotiated in previous contracts.

To extract better terms for purchases, companies have not only postponed inventory purchases, they have also suspended or phased out an estimated 700,000 barrels a day in oil purchases from Mexico, 1 million barrels from Libya, Nigeria and Algeria, and 500,000 barrels from Indonesia and the United Arab Emirates.

White House officials have tended to play down these expressions of concern from private and government energy experts, saying that overall oil stocks are larger than usual and that the administration's emphasis on free market

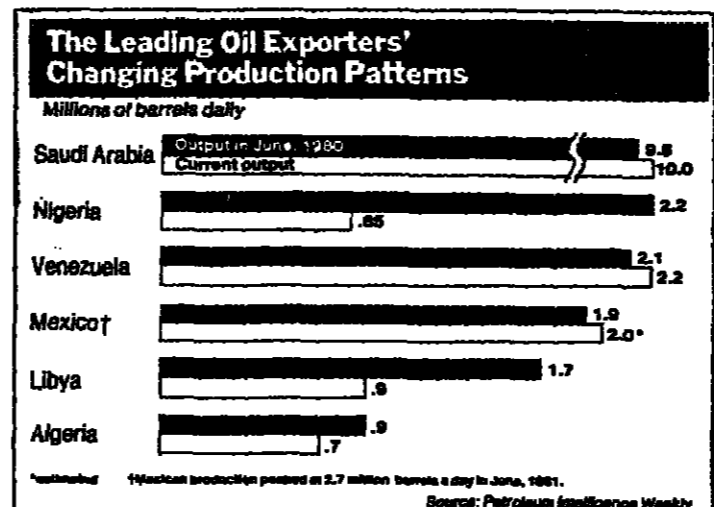
to make the review. But the FTC deferred to the department's desire to study the mergers.

Both of the proposed mergers are thought to involve few markets in which the potential partners currently compete. For that reason, Donald Baker, Mr. Baxter's professor, believes they are not likely to be challenged. He does say, however, that Mr. Baxter might be slightly less likely to oppose these mergers than the FTC.

By contrast, an acquisition of Conoco by Mobil Corp. would combine companies that compete directly in many of their operations. That would run a greater chance of opposition from the Justice Department, Mr. Baker said.

Mr. Baxter has said he will change the department's guidelines to allow mergers to produce somewhat higher levels of market concentration than were permitted by previous enforcement chiefs.

Mr. Brock, currently in private law practice, says executives have begun testing Mr. Baxter's policy



oil industry about world production is also responsible for the reduction of private stocks. Production within OPEC, except for Saudi Arabia, is plummeting, in some cases by as much as 50 percent. Among others, Nigeria, Libya, the United Arab Emirates, Venezuela and Mexico are producing at levels far below their capacity.

Another reason the reduction of stocks has been accelerated is because uncertainty about demand for oil next winter, according to government officials. A State Department analyst noted that some companies hold higher-than-usual inventories last winter, but demand was lower than anticipated.

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NYSE Prices Gain On Merger Activity

NEW YORK — Prices on the New York Stock Exchange closed higher Wednesday, with most strength coming from natural resource stocks involved in merger speculation.

Analysts said the market was also supported by investor feelings that interest rates may soon start down, but these attitudes lacked strong conviction.

The Dow Jones industrial average gained more than 7 points in an early afternoon rally and closed at around 954.15, a gain of 5.90. Advances led declines by about 3 to 2 and volume rose to about 49 million shares from 45.3 million Tuesday.

Fed Funds Up Michael Metz of Oppenheimer & Co. attributed the midday rally to a lower federal funds rate and a small rally in the bond market, but he said the market needs more evidence that interest rates are easing before an upswing can be supported.

The federal funds rate, the interest on overnight loans banks make to each other, traded at around 16 1/2 most of the day but then moved up to around 19 in late afternoon.

Investors were somewhat encouraged that Chase Manhattan, Manufacturers Hanover and Chemical banks late Tuesday lowered the rate they charge brokers for loans, and that the small Southwest Bank of St. Louis lowered its prime rate a half point to 20 percent.

Meanwhile, the Treasury said it will raise \$1.63 billion of new cash by selling \$4.5 billion of two-year notes at an auction next Wednesday.

In the news background, the administration, in a midyear review, said it expects consumer prices to rise 9.9 percent this year, compared with 13.5 percent in 1980. Much of the review had been reported earlier in the week.

The major strength in the stock market was provided by what one analyst called "merger mania."

OPEC Ministers Meet KUWAIT (Reuters) — At least three, and probably four OPEC oil ministers have scheduled to meet informally in Taif, Saudi Arabia, Wednesday, Gulf oil sources said.

Saudi Oil Minister Sheikh Ahmed Zaki Yamani is to be joined by Kuwaiti minister Ali Khalifa al-Sabah, the United Arab Emirates' Mana Said al-Otaiba and probably the oil minister of either Algeria or Libya, they said.

Earnings Estimates for IBM Cut Back By Gene G. Marcial AP-Dow Jones

NEW YORK — If Wall Street followers of International Business Machines are correct, investors in search of super performers should avoid the computer giant, at least in the near term.

Such sentiment among analysts was provoked by IBM's second quarter results, showing a slim 5.3 percent profit gain on a 12-percent increase in revenue. The results were "within expectations," but the numbers nonetheless triggered scaling back of earnings estimates by some analysts.

"I'm now concerned with what the third and fourth quarters are likely to bring, and I wouldn't be in a hurry to buy IBM stock at this point," warns Ulrich Vici, vice president at Morgan Stanley & Co.

"You would have to view those earnings as fairly lackluster. They weren't bad, but they weren't exciting, either," says Stephen T. McClellan, who tracks IBM for Salomon Brothers. "You'd have to wait until next year before any excitement is generated, because the second half won't be very good."

With IBM reporting that second quarter per-share earnings rose to \$1.37 from the year-earlier \$1.31, its revenue grew to \$6.9 billion from \$6.18 billion, most analysts expect to see flat 1981 earnings.

The earnings also appeared better because outright sales were stronger than revenue derived from computer rental services, notes Harry Edelson, president of Edelson Technology Inc. He explains that revenue from sales of computers "goes down directly to the bottom line, but revenue from rentals tends to be staggered over a period of time."

Analysts note IBM's second quarter performance, helped greatly by record sales of data-processing equipment, raises the question of whether such high levels can be repeated in the next two quarters.

"You can't extrapolate on such numbers in the same way you can about revenue from rentals, which represent a continuing stream of income," says Mr. Weil.

Analysts believe the very high level of sales hurt the growth of revenue from rentals. Data processing sales accounted for 74 percent of total sales, estimates Mr. Weil. With data-processing sales very high

U.S. Aide Vows Close Look at Mergers

By Robert E. Taylor AP-Dow Jones

WASHINGTON — Executives who think the Reagan administration has flashed a green light for large mergers better think again, says the head of the Justice Department's antitrust division.

Assistant Attorney General William Baxter said, "We may find there are very substantial horizontal overlaps" between big companies currently talking about merging. Companies are said to overlap horizontally when they sell competing products in the same market.

If they think we're generally soft on mergers, that they can slip significant horizontal aspects past us, they're going to be in for a big surprise," Mr. Baxter said in a telephone interview.

Mr. Baxter's department announced Tuesday that it will review two of those proposals — competing bids by Du Pont Co. and by Seagram Co. to acquire and by Seagram Co. to acquire and by Seagram Co. to acquire

after legislative action is completed on the tax-cutting proposals, a high-ranking official said the basic outlines of the new export incentives have been worked out by the Treasury and the office of the U.S. international trade representative, Bill Brock.

In recent testimony before a Senate panel, Mr. Brock promised that the administration would come up with a substitute for the Disc plan, although he carefully steered away from commenting about specifics.

CURRENCY RATES

Table showing interbank exchange rates for July 15, 1981, excluding bank service charges. Columns include currency, rate, and dollar values.

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in the second quarter, he worries that similar levels will not be seen in the next two quarters.

IBM stock has not been a strong market leader this year. "Unless something happens, such as settlement of the long-pending antitrust case of the government against IBM, we don't see anything dramatic pulling IBM from the doldrums," Mr. Edelson says.

He cut his 1981 per-share estimate for IBM net by 10 cents, to \$6.40. His 1982 estimate is \$7.50 a share. Last year, IBM earned \$6.10 a share, including a 38-cent-a-share tax credit.

"A lot of investors are beginning to lose faith after at least two years of hardly any growth" in IBM earnings in real terms, asserts Mr. Edelson. But he and other analysts acknowledge that prospects appear brighter for next year because of IBM's "product cycle" and an expected stronger pace of shipments.

IBM has invested heavily in plant and equipment and is coming up with new products and some pricing adjustments "that should all come down to the bottom line next year," says Peter T. Lieu, vice president at Arnold & S. Bleichroeder Inc.

Bullish on IBM, Mr. Lieu expects the shares to appreciate about 30 to 40 percent next year because of the better outlook for IBM results then. He cautions that "it's absolutely the wrong time" to give up on IBM stock because "everything is just coming to the fore in 1982-1983 time-frame."

Mr. Lieu acknowledges that in light of the second quarter results and the expected higher tax rate IBM faces in the second half, he is "moderating" his expectations for the next two quarters. He expects to reduce his current 1981 per-share estimate of \$6.31 and his 1982 figure of \$7.75, in part because of foreign-exchange factors.

"We certainly will see some negative comparisons in the second half, but they won't detract from the company's basic operations, which are outstanding," he says.

Mr. Weil, who has been cautious about IBM stock since early this year, figures the company will earn \$6.15 a share this year and \$7.50 to \$7.60 next year. "The tax rate this year for IBM will be several points higher, compared with last year, and that will make life more difficult," he says.

Advertisement for Hitachi Credit Corporation. Includes text: 'These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.' 'NEW ISSUE' 'U.S. \$40,000,000' '5% Convertible Bonds Due 1996'. Lists various banks and financial institutions.

China Sharply Expands Rare Metals Sales S&Ls Seen U.S. to Oppose World Bank Unit

By Michael Parks Los Angeles Times Service PEKING — China, moving rapidly to increase exports of strategic rare metals used in the aerospace, defense and electronics industries, said this week it had signed contracts totaling more than \$290 million in the first six months of this year, more than 1980's total for such metals.

Peking sees the increased rare metal exports as a major way to help finance the imported machinery needed for industrial modernization and as an important means of cementing strategic ties with the West. Chinese officials recalled that, when the United States first agreed a year and a half ago to sell China technology with both civilian and military uses and limited defense equipment, the Carter administration suggested that Peking in return increase its exports of rare metals used in the manufacture of aircraft, weapons, electronics and nuclear plants.

China's exports of titanium, widely used in the manufacture of aircraft and missiles, will probably exceed 2,000 tons, according to Western sources here. The United States buys 80 percent of China's titanium production. Over the past 18 months, China has become a major supplier of the West's imports of molybdenum, cadmium, chromium and strontium, providing about 10 percent of total imports of these metals from the non-Communist world, according to Western sources.

At the Canton trade fair this spring, large quantities of a variety of other rare metals — lithium, selenium, beryllium, and manganese among them — were offered with Chinese trade officials reportedly saying that the selection would be broadened this year. Chinese geologists believe that China may have four to five times the commercially exploitable reserves of many rare earths as the rest of the world. China, in fact, boasts that it has all but 10 of the world's minerals in commercial-sized deposits, but some are so remote that they will not be developed for decades and may require foreign assistance.

WASHINGTON — A Treasury Department study asserts that less developed countries have become more receptive to private oil company explorations since recent oil-price increases, diminishing the need for a new World Bank affiliate to encourage Third World oil development. In an interview last week in which he revealed the existence of the study, Treasury Secretary Donald Regan said that "if there is a pool of oil of any commercial value, the oil company that found it will exploit it, provided that it can reach a satisfactory return on its money."

WASHINGTON — The grimest government assessment to date of the troubled savings and loan industry, Federal Home Loan Bank Board Chairman Richard Pratt has acknowledged that one-third of the nation's 4,700 S&Ls with assets of \$200 billion are "not viable under today's conditions" of high, volatile interest rates. In Capital Hill testimony Tuesday, Mr. Pratt confirmed reluctantly that he gave these figures to a closed housing policy meeting last week. The figures he cited in the meeting point to deeper trouble than federal financial regulators hitherto have acknowledged.

Backers of an energy affiliate for the World Bank have argued that the private multinational oil companies are not anxious to get involved in many parts of Asia and Africa, unless they are assured there will be significant exportable quantities of oil. Bank sources said this effectively ruled out private exploration for amounts of oil that would be important for local consumption. Not so, said Mr. Regan: "If the price is right, (and) the private oil companies find... enough oil in a country to satisfy that country's needs and the price of extracting the oil and the sale price at the pump or wherever it's being done, warrants it, it can be done. Now what you've got to remember is that if it's a small pool of oil, it would hardly pay to extract that oil and then process it in that country."

The analysis goes on to point out that since actual activity occurs with a planning lag of as much as five years, most of these price shocks of 1973-74, even at a time when oil prices were no more than one-tenth their present level. Thus, the study suggests that vastly higher prices now, combined with an improved investment climate in many of the countries, will accelerate the exploration process. World Bank President A. W. Clausen, and his predecessor, Robert S. McNamara, have both expressed interest in expanding the bank's gearing ratio.

United States Allied Corp. 2nd Quar. 1981 Revenue: 1,590.8 Profits: 57.0 Per Share: 2.40 1980 Revenue: 1,360.0 Profits: 73.0 Per Share: 2.22

Chesbrough-Pond's Inc. 2nd Quar. 1981 Revenue: 1,250.0 Profits: 34.0 Per Share: 0.72 1980 Revenue: 1,294.0 Profits: 33.4 Per Share: 0.72

Continental Group Inc. 2nd Quar. 1981 Revenue: 1,340.0 Profits: 66.10 Per Share: 2.43 1980 Revenue: 1,270.0 Profits: 37.70 Per Share: 0.97

Security Pacific Corp. 2nd Quar. 1981 Revenue: 50.80 Profits: 1.71 Per Share: 1.56 1980 Revenue: 43.40 Profits: 1.56 Per Share: 1.56

Signal 2nd Quar. 1981 Revenue: 1,340.0 Profits: 57.30 Per Share: 0.79 1980 Revenue: 1,170.0 Profits: 57.30 Per Share: 0.79

Teledyne Inc. 2nd Quar. 1981 Revenue: 228.5 Profits: 120.7 Per Share: 5.84 1980 Revenue: 244.14 Profits: 120.7 Per Share: 5.84

TRW Inc. 2nd Quar. 1981 Revenue: 1,370.0 Profits: 63.90 Per Share: 1.86 1980 Revenue: 1,270.0 Profits: 57.90 Per Share: 1.78

Warner Communications Inc. 2nd Quar. 1981 Revenue: 674.3 Profits: 42.55 Per Share: 0.64 1980 Revenue: 449.9 Profits: 25.58 Per Share: 0.45

COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated

THE KINGDOM OF DENMARK U.S. \$600,000,000 MEDIUM TERM LOAN... THE KINGDOM OF SWEDEN U.S. \$800,000,000 MEDIUM TERM PRIME-BASED REVOLVING CREDIT FACILITY... THE CHASE MANHATTAN BANK, N.A.

GRINDLAYS BANK LIMITED (Formerly Grindlays & British Bank Limited) U.S. \$30,000,000 7 3/4% CAPITAL BONDS 1987

Weekly net asset value Tokyo Pacific Holdings N.V. on January 1, 1980: U.S. \$66.42 on July 13, 1981: U.S. \$92.44

BANQUE ROTHSCHILD PARIS FLOATING RATE NOTES 1977-1982 Denominated in U.S. Dollars July Issue

NYSE Nationwide Trading Closing Prices July 15

Table of NYSE Nationwide Trading Closing Prices July 15, 1981. Includes columns for 12 Month Stock, High Low Div., and various stock symbols like TWC, TRN, etc.

Selected Over-the-Counter

Table of Selected Over-the-Counter closing prices for July 15, 1981. Lists various OTC stocks and their prices.

Floating Rate Notes

Table of Floating Rate Notes closing prices for July 15, 1981. Lists various floating rate note issues and their yields.

U.S. COMMODITY PRICES

Table of U.S. Commodity Prices for July 15, 1981. Includes sections for Chicago Futures, London Metals Market, New York Futures, and Cash Prices.

Advertisement for U.S. \$175,000,000 National Westminster Finance B.V. Guaranteed Floating Rate Capital Notes 1991.

Advertisement for European Options Exchange (EOE) and European Gold Markets. Includes details on gold options and market information.

Advertisement for Judge Rules SEC Violated Hunts' Privacy. Article by Jerry Knight discussing the SEC's investigation into the Hunt family.

Advertisement for COMING IN OCTOBER BANKING & FINANCE IN ASIA. Special supplement by the International Herald Tribune.

Advertisement for ESCORTS & GUIDES, CAPRICE ESCORT SERVICE, and CACHET U.S.A. in New York.

Advertisement for CLASSIFIED ADVERTISEMENTS (Continued from Back Page). Lists various services and contact information.

Advertisement for Dow Jones Averages, Dow Jones Bond Averages, NYSE Index, and American Most Actives.

Advertisement for Judge Rules SEC Violated Hunts' Privacy (continued) and other financial news.

AMEX Nationwide Trading Closing Prices July 15

Tables include the nationwide prices up to the closing on Wall Street.

Main table of AMEX Nationwide Trading Closing Prices July 15, listing various stocks and their prices.

Quotations in Canadian funds

Table of quotations in Canadian funds.

Toronto Stocks

Table of Toronto Stocks closing prices for July 14, 1981.

Montreal Stocks

Table of Montreal Stocks closing prices for July 14, 1981.

Canadian Indexes

Table of Canadian Indexes for July 15, 1981.

European Stock Markets

Table of European Stock Markets closing prices for July 15, 1981.

Eurocurrency Interest Rates

Table of Eurocurrency Interest Rates for July 15, 1981.

European Stock Markets (continued)

Continuation of European Stock Markets data, including Amsterdam, Brussels, Frankfurt, and Zurich.

The Nikko Securities Co., Ltd.

Advertisement for Nikko Securities Co., Ltd. featuring a logo and text about securities offerings.

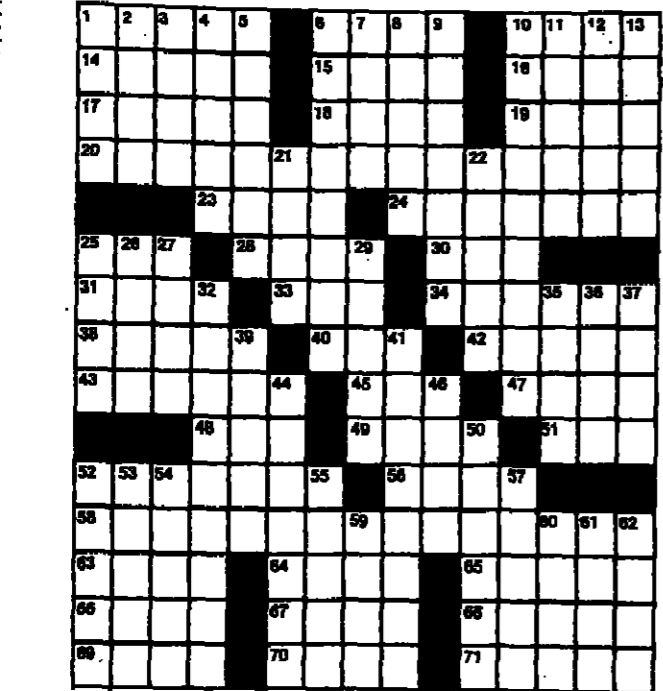
Manual of Selected Swiss Shares

Advertisement for the 'Manual of Selected Swiss Shares' by Swiss Bank Corporation.

June 1981

CROSSWORD

By Eugene T. Maleska



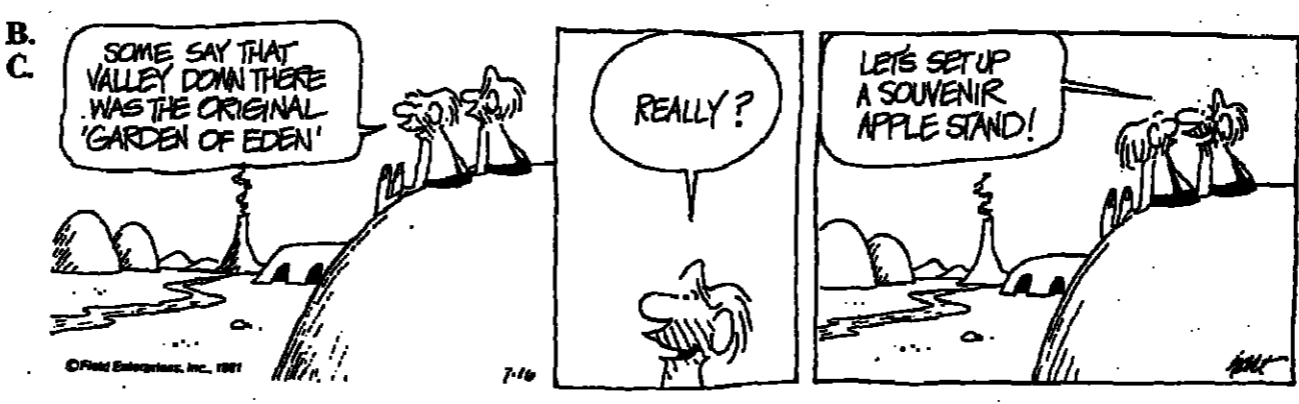
- ACROSS: 1 Loaded, 6 The Boston..., 10 Maxim..., 14 Mistreat, 15 "Since Hector was...", 16 Migrant worker, 17 Dissolves, 18 "..." clock scholar, 19 Item spent in Siena, 20 Long Island mollusk, 23 Spatiate, 24 Eric Heiden's competitors, 25 Academic dept. head, 26 Yurt, e.g., 28 Inventor-clock-maker Terry, 31 One of Darwin's clients, 33 Path of trav., 34 520, 38 Crazy as..., 40 Perched, 42 Part of a blossom, 43 Pendentulous fold near the neck, 45 Testing ground, for short, 47 Darkroom fixture, 48 G tone, 49 Daube, e.g., 51 "All is... and gaiters": Dickens, 52 Civil-service, 56 Sallor, 58 Hardly ever, 63 Brain passage, 64 Flag, 65 Expedient for saving face, 66 Word after bar, 67 Constantly, 68 Partner of, 70 Accelerated, 72 Cincinnati team, 71 British equivalent of 14 lbs., 10 June and December occurrences, 11 "Go fly...", 12 Electrician, e.g., 13 Tower, world's highest building, 21 Past, 22 Elihu's descendants, 25 Dinosaur, 26 Flower of key or pot, 27 Grimaldi's cry, 29 Greenish blues, 32 Supported, with "up", 35 Buy... in a poke, 36 An Andrews, 37 Tooth fanciers, 38 Ruth's mother-in-law, 41 School stools, 44 Washington was one, 46 Actor Bridges, 48 Pulls from, as a purse, 52 Companion of Falsie, 53 Successful, 54 Public display of temper, 55 Ingeuous, 57 Bratny, 58 Waxed, 60 Hedgepodge, 61 Hot spot, 62 Prohibition, 1 Mary's tagalog, 2 He assassinated, 3 Cat IV, 3 Bantu language, 4 Organic compound, 5 Autocrat, 6 Doctors' sine qua non, 7 Sign on a store, 8 Four-down plays, 9 Frightened

WEATHER

Table with columns for High, Low, and weather conditions for various cities including ALABAMA, ALGERIA, AMSTERDAM, ANKARA, ATHENS, AUCKLAND, BANGKOK, BEIRUT, BELGRADE, BERLIN, BOSTON, BRUSSELS, BUCHAREST, BUDAPEST, BUENOS AIRES, CAIRO, CASABLANCA, CHICAGO, COPENHAGEN, COSTA RICA, DANABURG, DUBLIN, EDINBURGH, FLORENCE, FRANKFURT, GENEVA, HELSINKI, HONG KONG, HOUSTON, ISTANBUL, JERUSALEM, LAS PALMAS, LIMA, LONDON, LOS ANGELES.

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Table listing various international funds such as ALLIANCE INT'L FUND, BANK JULIUS BAER & Co Ltd, BANK OF AMERICA, BRITANNIA, CAPITAL INTERNATIONAL, CREDIT SUISSE, DIT INVESTMENT FRANKFURT, FIDELITY, G.T. MANAGEMENT LTD, JARDINE FLEMING, LLOYDS BANK INT'L, RBC INVESTMENT, ROTHCHILD ASSET MGMT, ROTHCHILD ASSET MGMT (CI), SOFIO GROUPE GENEVA, SWISS BANK CORP, UNION BANK OF SWITZERLAND, UNION INVESTMENT FRANKFURT.



JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee. Includes a cartoon of a housewife and a puzzle with words like PIRAD, CATHY, ZIGAHN, RIQUIMS. Dennis the Menace comic strip panels 19-20.

BOOKS

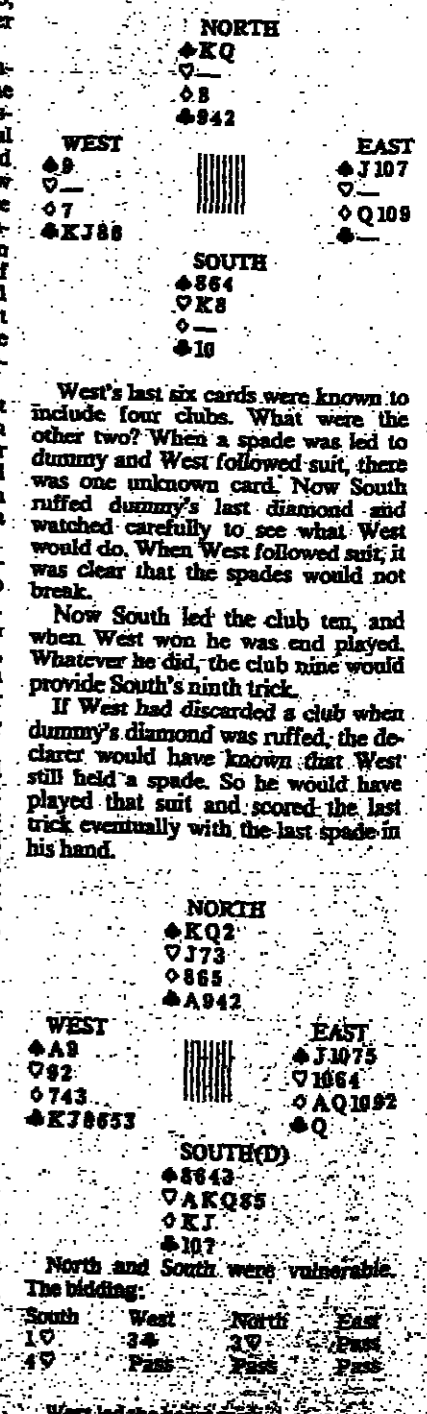
THE TEMPTATION OF EILEEN HUGHES By Brian Moore, 211 pp. \$11.95. Farrar, Straus & Giroux, 19 Union Square West, New York 10003. Reviewed by Christopher Lehmann-Haupt.

WE enter Brian Moore's tautly dramatic new novel, his 14th book, through the eyes of Eileen Hughes, a 20-year-old from Northern Ireland on her first visit to London. She's the sort of person who says, "It's grand, really it is," when Bernard McAuley, her employer's husband, shows her into the tiny top-floor maid's room she must stay in because the hotel has neglected to reserve her a room near the McAuleys' suite. She wants to see Buckingham Palace, where the queen must be "sitting with her corgis or getting ready to go out to some big do."

Vintage Plane Is Sold For Record \$260,000. PERTH, Scotland — A World War II Hawker Hurricane plane has been sold at auction for \$260,000 pounds (about \$481,000), a record for the Hurricane. William Roxburgh, sold the plane to his own family trust as "an investment for his children."

BRIDGE

WORLD titles for the past 30 years have almost all been won by Europeans and Americans. The only significant feat in this monopoly was made by Brazil, which collected the world team championship in 1976 and the world pair championship in 1978. The brightest star in the powerful Brazilian squad is Gabriel Chagas, who is still in his 30s but has been recognized for more than a decade as one of the world's top individual players. He has had a long-lasting partnership with Pedro-Paul Assumpcao, who has been held to be a good player but not, perhaps, a great one.



Freeway Enterprise: 1984's Summer Games

By Jay Mathews
Washington Post Service

LOS ANGELES — Welcome to the Freeway Olympics.

The cautious bureaucrats from tidy little European cities wondered what would happen if they gave their precious Summer Games to a place like Los Angeles.

Now they know. It will be a Southern California extravaganza, with events scattered from Pomona to Santa Monica, from Pasadena to Long Beach, and major construction projects financed by fast-food shops and convenience stores.

Rackling Off

If this is a time when Americans want the government off their backs, the city of Los Angeles — and its taxpayers — have accelerated the process by refusing to provide any financial support for the Games.

So the 1984 Olympics will be a monument to free enterprise, financed almost entirely by the likes of ABC television, McDonald's, the Southland Corp. (7-Eleven), Atlantic-Richfield (Arco), Coca-Cola, Anheuser-Busch, United Airlines,

and Ooh La La Inc., a Los Angeles cloisonné enamel manufacturer.

"The Russians say all the private corporations are taking the dignity out of the Games," said Peter V. Ueberroth, the 43-year-old president of the Los Angeles Olympics Organizing Committee.

But that view receives little sympathy from Ueberroth, an energetic entrepreneur. He was picked for the job because of the cost-consciousness he displayed in turning a small tourist equipment business into the \$380 million First Travel Corp.

No Olympics has been organized before without a huge credit line from an eager host government. Unable to build new facilities for the Games on its own, the Los Angeles committee has parceled out the events to stadiums and arenas throughout the surrounding urban coastal plain.

Field hockey will be found at Santa Monica College, out near the beaches, while handball enthusiasts must go 40 miles inland, via the Santa Monica and Pomona Freeways, to California

State Polytechnic University at Pomona.

Soccer fans may congregate at Pasadena's Rose Bowl, then travel 15 miles down the Pasadena Freeway for track and field events at the Coliseum, and 20 miles down the Harbor, San Diego and Long Beach Freeways for the yachting events in Long Beach harbor.

Thirteen different cities will provide facilities for the Games, a bureaucratic tangle Southern Californians are used to accepting. Ueberroth plans to overcome the tangle by relying neither on governments nor Olympic bureaucracy, but on American businesses.

Catching the Bus

"Lake Placid [the committee for the 1980 Winter Games] tried to set up their own bus system, and only when they got into trouble did they call in Greyhound," he said. The Los Angeles committee plans to use private bus companies right from the start to ferry an anticipated 200,000 visitors from July 28 to Aug. 12, 1984.

The University of Southern California and the University of

California at Los Angeles will turn their dorms into quarters for the 9,000 athletes, altering summer school schedules to make room.

Amy Lynn Collis, the organizing committee's news secretary, estimates the Games will cost \$450 million, \$225 million of which has already been raised through an unprecedented contract with ABC-TV. Collis said the committee expects little trouble raising the rest in sponsors' fees, ticket sales and sales of commemorative gold medals.

Corporate sponsors are also financing the few large construction projects.

McDonald's is paying for a \$4-million swimming and diving facility at USC, to be turned over to the university after the Games. Arco is building seven world-class tracks and helping refurbish the Coliseum, the site of the last Olympics held here in 1932.

The 7-Eleven chain is underwriting a \$4-million velodrome for cycling events at little-known California State University at Dominguez Hills. The 346-acre commuter campus nestles in a strategic confluence of the San

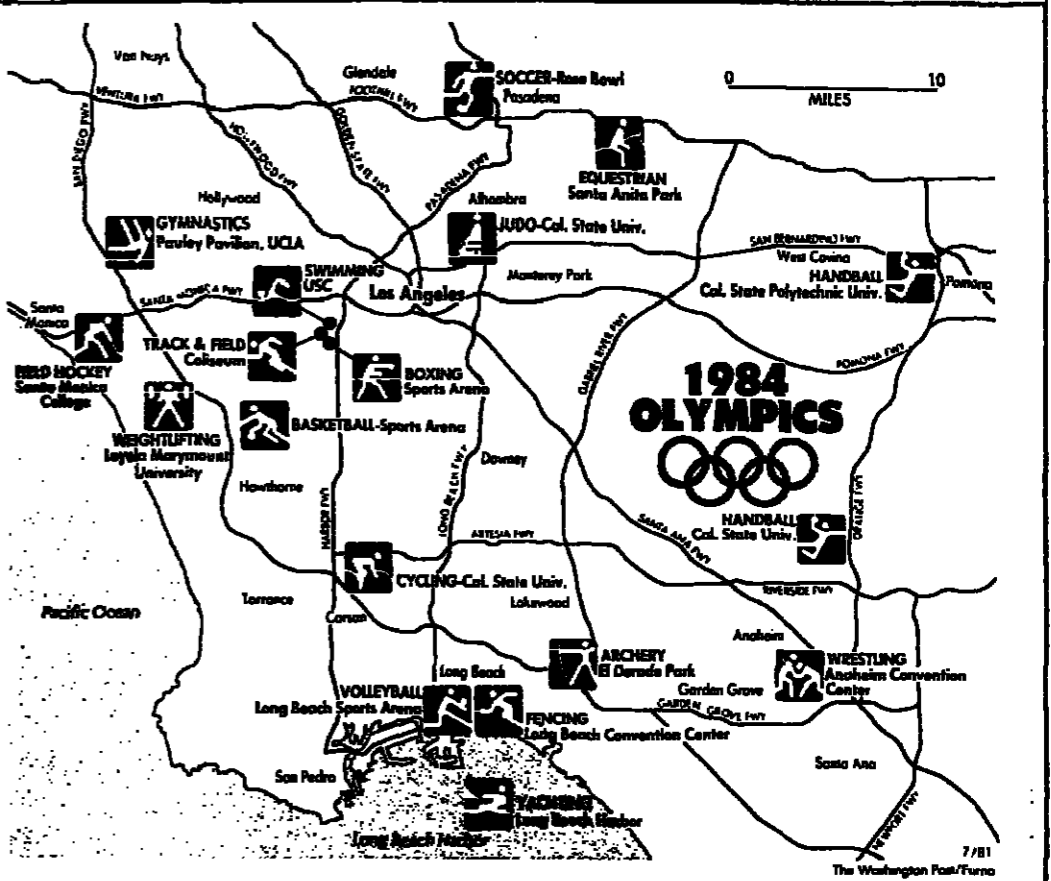
Diego, Harbor, Artesia and Long Beach Freeways.

Until now, the 8,000 students, mostly working people whose average age is 30, have confined their riding to beat-up bikes that get them to class from apartments in Redondo Beach. But university spokesman Jose Jack said she expects the velodrome will make the campus "into a cycling center for the country."

Mascot and Demos

The Los Angeles Olympics have a mascot (a creature called Sam, an animated American eagle designed by Walt Disney Productions), two new "demonstration" sports (baseball and tennis — amateurs only) and a 1984 presidential race to draw political celebrities like flies (Herbert Hoover committed the unforgetable error of missing the 1932 Games.)

The Games here will also have one other distinction that might slow down deep-breathing fans and athletes, but Collis shrugs it off: "We may worry about it because we live here, but athletes say they find every major city now has a smog problem."



U.S. Secretary of Labor to Participate in Strike Talks

NEW YORK — Negotiations in the baseball strike were to resume Wednesday, and this time Secretary of Labor Raymond Donovan will participate.

Kenneth E. Moffett, the federal mediator, said Tuesday that Donovan would accompany him here for the resumption of talks between representatives of the players and the club owners.

"I hope we can finish this [Wednesday]," Moffett said. "We're using all the pressure we can, anything we can do as far as leverage is concerned to get this thing over with. I think it's ready. It's got to be pretty soon. Time is running out."

Kuhn Sees End Near

Meanwhile, Baseball Commissioner Bowie Kuhn predicted Tuesday night that the strike was near an end. "I think we're getting very near a settlement," Kuhn said in an interview on CBS Radio — an air time that normally would have been occupied with the 52d All-Star Game from Cleveland.

Thousands of fans attending the All-Nations Festival on "All-Star Day" Tuesday boomed in unison at the urging of a disc jockey, registering 130 decibels on a sound meter. A city official certified the "boo, or loud utterance, solicited from the people" for submission as a possible entry in the Guinness Book of Records.

Baseball's mid-season classic had been expected to draw a crowd of more than 78,000, based on advance ticket sales that included standees, for the largest All-Star crowd in history.

Donovan reportedly was prepared to make a strong statement to the negotiators and impress upon them the importance of reaching a speedy settlement in a strike that reached its 34th day Wednesday.

"The secretary is deeply concerned about the economic impact that the strike is having on many American cities," said aide Earl Cox.

"The American people do not have a voice in this [bargaining], unlike other strikes," Cox added.

President Reagan has said little publicly about the strike, but said Tuesday he would like to see it settled soon. "I agree with Samuel Gompers, who created the American Federation of Labor, who said, 'Anytime there's a strike, there's a breakdown in communications,'" the President said.

Commented Moffett: "I believe Mr. Donovan's presence at this meeting will emphasize the importance of bringing this dispute to a conclusion."

Donovan is expected to tell the two sides that, if they do not reach an agreement by Friday, he will want them to go to Washington and meet there until they reach an accord.

Last Saturday, talks broke off after Moffett offered a plan that the players said they were willing to accept but the owners rejected.

Donovan's participation in the talks comes at a time when the owners' negotiators are said to be prepared to make a move that could bring a settlement. A management source said the negotiators had known of Donovan's im-

pending entry into the talks for a couple of days — and "it's really put the pressure on these guys."

The source said the owners' bargaining team and the board of directors of the player relations committee, the unit that sets the owners' negotiating policy, were engaged in a flurry of activity Tuesday, discussing various proposals they might present when the two sides convene Wednesday.

'Antsy'

Said one club official: "There have been all kinds of thermometer readings, outside of channels," as the sides soured each other out on what their bottom lines might be. "There's been a lot of input, and some it may be helpful to moving closer.... Everyone's getting antsy."

Others close to the PRC indicated that the owners might make a new proposal, if they get signals that the players would be receptive. The owners, a source said, are not interested in having another proposal publicly shot down by the union.

Word circulated that the owners, who have in recent proposals reduced the cap on free agents requiring compensation in the form of a professional player to 30 in a span of three years, and adjusted the level of compensation (from the 16th-ranked player on the signing team's roster at best to the 22d), were close to their final position.

A source close to the players association said late Tuesday. "There's lots of movement out there. Whether it's going in any particular direction, we don't know. We're hearing that a lot of pressure is building for a settlement on their side. I hope so."

Before the negotiators begin discussing proposals and positions, Donovan will advise them of the administration's concern about the prolonged dispute. The strike has wiped out nearly one-fifth of the season and has had a significant economic impact on cities with major league teams.

Moffett, who has met with Donovan the last two days, said the secretary did not plan to stay for the meeting but would leave after he delivered his message.

Sense of Urgency

Whether it was Donovan's impending presence or a sudden desire to end the strike, the owners' negotiators seemed to operate Tuesday with a sense of urgency.

A management source said they were discussing at least three proposals for professional compensation for free agents — one dealing with the pool concept the players have proposed, one dealing with a suggestion from New York Yankee Owner George Steinbrenner and another involving modifications of a plan presented by Moffett last week.

Steinbrenner apparently has offered two or three suggestions. The

one said to have had the greatest impact in the discussions was a plan in which free agents who would require professional compensation would be determined by a ranking established by the free-agent contracts they signed. Variables such as the value of deferred payments and the length of contracts could make it difficult to agree on a ranking for the top free agents.

There is some speculation that the owners' bargaining team will enter Wednesday's meeting with suggested modifications of the Moffett plan.

No one would comment on any particular proposals. The dispute has reached a delicate stage, and the people involved are concerned

that the wrong comment or the disclosure of certain information before the bargaining session could harm chances of achieving a settlement in the next few days.

The owners' side was being so secretive Tuesday that a spokesman for the player relations committee wouldn't say which members of the PRC board of directors had met in the office of Ray Grebey, the owners' chief negotiator.

But it was learned that John McHale of Montreal, Dan Galbreath of Pittsburgh, Clark Griffith of Minnesota and Joe Burke of Kansas City were present. Bob Howsam of Cincinnati and Ed Fitzgerald were said to have participated in the discussions by telephone.

Transactions

BASEBALL
American League
BALTIMORE — Signed Harry Soter, catcher, and assigned him to Rochester of the International League.
FOOTBALL
National Football League
BUFFALO — Signed Calvin Clark, defensive end.
CHICAGO — Signed Keith Van Horn, offensive tackle.
DALLAS — Signed Doug Donley, wide receiver, and Glen Thomas, offensive tackle.
DENVER — Announced that Mark Herrmann, quarterback, had moved to Iowa.
HOUSTON — Signed Robert Brazile, linebacker.
ST. LOUIS — Signed Steve Terrell, linebacker.
MINNESOTA — Signed John Turner, cornerback.
SAN DIEGO — Signed John Cossettelli, running back.

SEATTLE — Announced the retirement of Bill Cooke, defensive tackle.

HOCKEY
National Hockey League
PHILADELPHIA — Appointed Pat Croce physical conditioning coach.

SOCCER
North American Soccer League
EDMONTON — Announced the resignation of Joe Perrino, general manager, effective August 15.
TORONTO — Re-signed Jose Velazquez, midfielder.

COLLEGE
KENT STATE — Named Robert Morgan assistant athletic director and head baseball coach.
TENNESSEE — Announced the resignation of Claudio Wood, assistant women's athletic director, through 1982.
ILLINOIS — Announced the resignation of Gale Sowers, athletic director, effective September 1.



Cleveland's 76,685-seat stadium at game time Tuesday night.

Moses and Overtt Just Miss Setting Records

LAUSANNE, Switzerland — Edwin Moses, the unbeatable 1976 Olympic champion from the United States, came within one-hundredth of a second of his world record in the 400-meter intermediate hurdles and Steve Overtt of Britain came up just short of his own world record in the mile Tuesday night at an international track and field meet here.

'Really a Shame'

Moses, winning his 72d consecutive race, including 66 finals, was timed in 47.14 seconds, a tick over the world mark of 47.13 he set in Milan last year. Overtt, the 1980 Olympic champion at 800 meters, won the mile in 3:49.66, the fifth-

fastest mile ever recorded and only .86 off his 3:48.80 world record, set last year. Last weekend, Overtt ran a 3:49.25 winning mile in Oslo.

Said Moses: "It's really a shame to miss the world record by a hundredth of a second. I knew the track was fast, but not that fast."

The early pace in the mile was set by Overtt's friend Bob Benn, who clocked the opening 440 yards in 53.71 — 1:29 better than the first-lap time when Overtt set the record. The 880-yard time was 1:51.06.

But Overtt had little help when Benn gave way. Overtt was clocked at 2:50.14 going into the last leg — .14 seconds behind the record time.

World record holder Renaldo Nehemiah, making his first appearance in several weeks after being sidelined by injury, led a 1-2-3 U.S. sweep in the 110-meter high hurdles. His time of 13.26 was .26 seconds outside his world mark and was the second-fastest clocking in the event this year. Tomie Campbell finished second in 13.54 and Sam Turner was third in 13.65.

Dwayne Evans of the United States took the 100-meter dash in 10.51, followed by Frenchman Hermann Panzo (10.59) and Attila Kovacs of Hungary (10.63).

American Cliff Wiley won the 400-meter race in 45.06. Compatriot Howard Henley was second in 45.29 and West German Harald Schmid was third in 45.70.

In the women's 200-meter dash, American Benita Fitzgerald narrowly defeated Ibalaya Petriska of Hungary (their respective clockings were 23.22 and 23.24); Emma Sutler of France was third in 23.69.



Steve Overtt

Basketball Camp on Coast Respite for Atlanta Blacks

WHITTIER, Calif. — Norm Nixon, the star guard of the National Basketball League Los Angeles Lakers, held the ball 20 feet from the basket and challenged the six youngsters to a game: One-on-six — first to score wins.

The six boys, all standing about chest high, surrounded him. Laughing, Nixon faked and they jumped. He faked again, they jumped. Then he shot. Swish. Game.

In between serious workouts, such fooling around was typical Monday at the Norman Nixon Basketball Camp at Whittier College. But Nixon's camp is far from typical. Sixty of the 150 boys and girls participating are from Atlanta as part of a charity program intended to get them away from the fear gripping the Georgia city where 28 black youths have been slain in the past two years.

The Important Thing

The important thing, Nixon said, was to help put the children's minds on something besides the fear. Norm Robinson, 15, who had blown in Sunday for the weeklong camp, indicated that it was working.

"They work you hard, but it's fun," Robinson said over lunch. "The food is good, and they feed you a lot."

Timothy Walker, 13, said his cousin was one of the murder victims. "I got really scared then," he recalled. "If you're walking, and somebody drives up to you and says something, you're supposed to run.... It's way safer here."

Some of the Atlanta children were selected in a lottery for the programs, others won the trip through basketball skills contests sponsored by the city of Atlanta's Safe Summer '81 program.

'For the Children Back Home'

Nixon, a native of Macon, Ga., said he "just wanted to do something for the children back home," and thought he could find sponsors for maybe 5 or 10 children for the weeklong camp, which costs \$250 (\$508, including air fare from Atlanta). "But there was a lot of interest, and the thing just snowballed," he said.

The snowball picked up aid from a few politicians and a few millionaires — including Laker owner Jerry Buss, plus two ardent Laker fans, actor Jack Nicholson and record producer Lou Adler.

Nixon said he hoped the camp would relieve the "isolation" the children feel in Atlanta by making new friends. And 12 hours after they had met, it seemed Norm Robinson and 15-year-old George Casillas of Whittier had formed a bond by talking about basketball.

And when Robinson mentioned that he and the other Atlantans were to take a tour of Disneyland, they found something else to talk about — California girls.

"You'll like Disneyland," Casillas confided knowingly. "You'll see the girls there."

Scott Wins in Dublin

DUBLIN (AP) — Steve Scott of the United States won the Morton Memorial Mile for the third successive year at the Deane-Coca Cola International Track and Field Meet Tuesday night. Sprinting the final quarter in 53.4 seconds, Scott won in 3:54.75, edging South African-born compatriot Sydney Maree, who was timed in 3:54.83.

Other U.S. winners were Stanley Floyd, 100 meters, 10.42; Bob Collins, 200, 21.11; Tony Darden, 400, 46.38; James Robinson, 800, 1:47.47; Billy Martin, 1,000, 2:21.2; and Louise Ritter, high jump, 6 feet, 3/4 inches.

Hinault Widens Lead With 20th-Leg Victory

LE PLEYNET, France — Frenchman Bernard Hinault boosted his overall lead in the Tour de France bicycle race by winning Wednesday's 20th stage, the 23-day event's final Alpine leg. Hinault completed the 134-kilometer (83-mile) 20th stage from L'Alpe d'Huez in 4 hours, 17 minutes and 15 seconds. Jean-Rene Bernardeau of France was second, 32 seconds behind, while Belgian's Alfons de Wolf took third, 1:26 off the pace.

Hinault is 12:12 ahead of his closest rival, Belgian Lucien van Impe, who finished fifth Wednesday. Robert Alban of France, eighth in the 20th stage, is in third overall, 13:22 behind. The race ends Sunday in Paris.

Coe Will Run in 800 In Meet With Russians

LONDON — World record holder Sebastian Coe will run the 800 meters for Britain in a two-day international track and field meet against the Soviet Union that begins at Gateshead Friday.

Coe originally was selected for the 1,500 meters, but asked to be switched when Dave Warren pulled out of the 800. Coe feels the shorter distance will be less punishing on his injured left foot, which is badly blistered.

South Korea Downs U.S.

TAIPEI, Taiwan — Two field goals by Park Chan-Sook in the final seconds helped defending champion South Korea edge the United States, 68-64, in the final of the William Jones Cup women's basketball tournament Wednesday. Taiwan West placed third in the tournament, the Netherlands fourth, West Germany fifth, Taiwan White sixth, New Zealand seventh and Canada eighth.

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Iraq (air)	\$ 115.00	63.00
Island (air)	\$ 115.00	63.00
Israel (air)	\$ 124.00	69.00
Italy	\$ 2,200.00	1,200.00
Kaw (air)	\$ 165.00	92.00
Lebanon (air)	\$ 115.00	63.00
Libya (air)	\$ 124.00	69.00
Luxembourg	\$ 69.00	35.00
Malaysia (air)	\$ 165.00	92.00
Malta (air)	\$ 115.00	63.00
Mexico (air)	\$ 115.00	63.00
Morocco (air)	\$ 115.00	63.00
Netherlands	\$ 203.00	112.00
Norway (air)	\$ 405.00	225.00
Pakistan (air)	\$ 115.00	63.00
Pakistan (air)	\$ 115.00	63.00
Poland (air)	\$ 115.00	63.00
Polynesia, French (air)	\$ 124.00	69.00
Portugal (air)	\$ 3,600.00	2,000.00
Romania (air)	\$ 1,980.00	1,100.00
Saudi Arabia (air)	\$ 124.00	69.00
South America (air)	\$ 69.00	35.00
Spain (air)	\$ 6,300.00	3,520.00
Sweden (air)	\$ 225.00	120.00
Switzerland	\$ 500.00	270.00
Tanzania (air)	\$ 115.00	63.00
Turkey (air)	\$ 115.00	63.00
U.A.E. (air)	\$ 63.00	35.00
U.S.S.R. (air)	\$ 115.00	63.00
U.S.A. (air)	\$ 115.00	63.00
Yugoslavia (air)	\$ 115.00	63.00
Zaire (air)	\$ 63.00	35.00
Other Eur. County (air)	\$ 115.00	63.00

Art Buchwald

No-Sale Psychology

WASHINGTON — One of the problems with today's economy is that it's very hard to find young people who are good salesmen. Many students coming out of college are more interested in a customer's motivation than they are in closing a sale.



Buchwald

My friend the shop proprietor decided to let the incident pass; but that afternoon another customer came in, and Miss Brampton asked if she could be of help.

The lady said, "I need something really exciting. I'm going to the Kennedy Center, and I want a dress that will knock everyone dead."

Miss Brampton said, "We have some lovely evening dresses over here for insecure people."

"Oh, yes. Didn't you know that clothes are one of the main ways women compensate for insecurity?"

"I'm not insecure," the lady said angrily.

"Then why do you want to knock them dead at the Kennedy Center? Why can't you be accepted for yourself instead of what you wear? You are a very attractive person, and you have an inner beauty you try to disguise. I can sell you a new dress that will attract attention, but then you would never know if it were you or the dress that made people stop and stare."

By this time, the dress shop owner decided to step in. "Miss Brampton, if the lady wants an evening dress, let her see our evening dresses."

"No," the customer said. "Your girl is right. Why spend \$500 to get a few compliments from people who really don't care what I wear? Thank you for helping me, young lady. It's true I've been insecure all these years and didn't even know it."

The customer walked out of the store. The final straw for the dress store owner took place an hour later when a coed came in to buy a hotpants outfit, and Miss Brampton gave her 30 minutes on women's lib and then said, "All you do when you buy hotpants is become a sex object."

That night the dress shop owner put a sign in the window: HELP WANTED — NO PSYCHOLOGY MAJORS NEED APPLY.

Art Buchwald is on vacation but he left behind some favorite columns.

© Los Angeles Times Syndicate

Those Roaming Therapsids

By Michael Kernan

WASHINGTON — Who would have thought a therapsid could cause such a fuss?

Not only did it force down our throats the notion that the continents of our earth are a bunch of floating islands, but it caused a three-day conference at the Smithsonian Institution. Now, that's a fuss.

Especially when you consider that the last therapsid lay down and died 200 million years ago, give or take a few weeks.

Three Kinds

You want to know what a therapsid is. Well, you'd better find a comfortable chair.

There are three main kinds, with innumerable variations appearing as it evolved. It can be any size from a rat to a rhinoceros. It can be a light-footed meat-eater along the lines of a saber-toothed tiger, or it can be a grass-eating, heavy-legged plodder. It can have a five-toed reptilian jaw or a single-boned mammalian jaw. It might have fur. It might not.

The main thing is that the therapsid seems to be a link between reptiles and mammals. It was going pretty good there for a

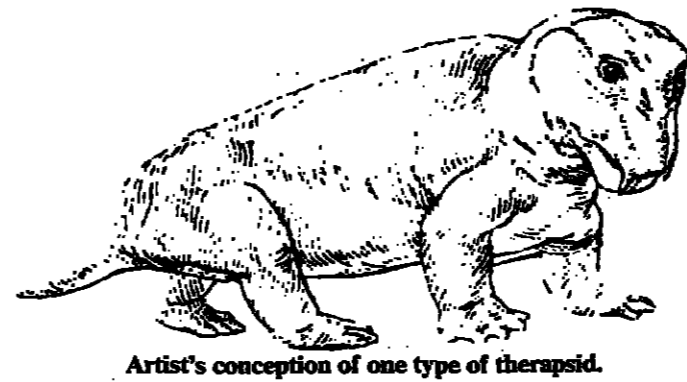
while, dominating the animal scene for almost 75 million years, getting to feel more and more like a mammal, before it went extinct. The dinosaur came next, and doubtless helped the therapsid to get extinct, because the price of turning into a mammal was that you became smaller. And dinosaurs, as everyone knows, were big.

Continental Drift

But dinosaurs, as far as we people are concerned, wound up in an evolutionary cul-de-sac. That's why scientists love therapsids. They might tell us something about ourselves.

We take you now to Alfred Wegener, a German meteorologist who in 1912 began to insist that for eons the continents have been drifting. Get a globe and notice how the east coast of South America fits into the west coast of Africa, how the U.S. eastern seaboard could slide right up against the northwest African bulge. Wegener called it continental drift, and it led to a theory that has been seen as one of the three great explosions of earth science discovery in the last 500 years: the plate tectonic theory of geology. (The others were from Copernicus and Darwin.)

The idea of the earth's surface being a series of shifting rock plates, like armor, was hard to take at first. One had to accept a whole new set of theoretical continents. Yet, in the last decade or so, science has come around almost completely. New techniques for studying the ocean floor were a big help. But it was the therapsid that really did it. You can't argue with a fossil.



Artist's conception of one type of therapsid.

You are now ready for Dr. Edwin H. Colbert, a 75-year-old scientist who had a fossil museum in Missouri when he was 12, who has traveled across the world digging up things, who finds "magic in those skeletons and skulls," which evoke for him "visions of a world long vanished, when Nebraska was a land of lush savannas inhabited by hosts of unfamiliar animals," as he wrote in "A Fossil-Hunter's Notebook" (Dutton, 1980).

For 40 years Colbert worked at the American Museum of Natural History in New York, winding up as a department chairman. He can tell you about the time firemen rushed through the halls with their hoses knocking against the exhibits, and how he watched, breathless, while a rare, horse-sized moropus he had just laboriously assembled teetered and teetered — and decided to remain standing. He is full of stories about the dinosaurs of Ghost Ranch (he found the first bones actually on the surface of the New Mexico desert).

Pollywog's Tail

But mostly he likes to talk about the lystrosaur. What an invention. It's about as big as a sheep, but heavy and lumbering, with the feet of an alligator, the chest of a

gorilla, the tail of a pollywog and the head of a giant snake, with fangs and high-set eyes and nostrils that speak of its waterborne ancestry. Oh, yes, it is a therapsid.

He had found the lystrosaur from India to South Africa. He was coming to view it as an old pal. And then one day in 1968 someone brought him a bone he had spotted in Antarctica. Was it a fossil bone? The man asked. Colbert unwrapped the four-inch fragment from its cotton. It was, indeed, a fossil bone.

Now it is the chill evening of Dec. 4, 1968, on the slopes of Coalsack Bluff, Antarctica. Colbert and his colleagues have found some fossil bones already, but mere bones are tricky to identify sometimes. He returns to camp, starts to brush and clean the specimen of the day. He does a double take. There it is, right in his hand; the jawbone of a lystrosaur. With a tusk still in place.

"Truly Great Find"

He wrote in his notebook, "There can be no doubt that Antarctica was once in contact with other continental blocks." Dr. Laurence M. Gould, the dean of Antarctic scientists and a veteran of the 1929 Byrd expedition, said more. He called the discovery "not only the most important fossil ever found in Antarctica, but one of the truly great fossil finds of all time."

Colbert, who now works out of Flagstaff, Ariz., spoke at the Smithsonian's therapsid conference on plate tectonics. He was pretty calm about the whole Antarctic business, the rewriting of the map of the world. "We went down there and we found the thing and that was it," he said.



Edwin H. Colbert linked fossils to continental drift theory.

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PEOPLE: Snail-Eating Contestant Gulps 350 in 11 1/2 Minutes

The ritzy restaurant called Dominique's, four blocks from the White House, isn't normally a fast-food joint, but this year on Bastille Day Dominique's threw a party for celebrating the French national holiday passionately and publicly — sponsored a world championship escargot-eating contest. Out of 400 applicants, the restaurateur chose seven men and three women to make spectacles of themselves in record time. The 10 gathered outside the restaurant for a fervent assault on the Guinness Book of Records mark: 144 garlicy, buttery snails in 11 1/2 minutes. Contestants sat in the broiling noonday sun at a long table along Pennsylvania Avenue, each behind a large casserole of 150 shelled escargots. Setting the top snails pace in 11 1/2 minutes was Thomas Greene, of Des Moines, a 225-pound, 350 snails. Greene donated his prize, a trip to Paris, to his 81-year-old grandmother.

New England farmer named Joseph Morgan, who, the newspaper said, was baptized at Roxbury, Mass., in 1646 and died at Preston, Conn., 58 years later. One of his daughters, Martha, was an ancestor of Bogart's mother, illustrator Maud Humphrey, while the other daughter, Margaret, was an ancestor of Lady Diana's mother, Frances Stansfield Kydd, the Daily Mail reported.

Reggie Jackson has his Mercedes Benz again — or, rather, parts of it. "The doors and the trunk were gone, the wheels were gone, but the basic frame, those we found," said New York police Sgt. Jeffrey Kracht. The car was stolen July 8 near a restaurant in Manhattan where the New York Yankees outfielder had parked it. Kracht and his men from the stolen-vehicle squad found the red 1978 Mercedes in a wooded area in Brooklyn. Kracht said four young men were trying to pry the engine from its mount; other parts had already been disposed of. The four were charged with burglary and criminal possession of stolen property.

Entertainer Jerry Lee Lewis, recuperating from stomach surgery in a Memphis hospital, has been taken off a respirator and talked with his manager, J.W. Whitten. Whitten said that Lewis, 45, was still being fed intravenously and receiving antibiotics but was able to see family, close friends and business associates for brief periods. Lewis underwent five hours of surgery last week for complications from emergency surgery June 30 to repair a stomach perforation. At the time, he was given a 50-50 chance of survival.

The Senate Judiciary Committee has voted to give honorary U.S. citizenship to Raoul Wallenberg, the Swedish diplomat credited with saving the lives of tens of thousands of Jews during World War II. If both houses of Congress agree with the idea, Wallenberg will be the second person to be so honored. The first was Winston Churchill. Wallenberg, with U.S. cooperation, was assigned to the Swedish Embassy in Budapest in 1944 and helped Jews escape the Nazi extermination camps. On Jan. 17, 1945, he was seized by the Soviet Union. Moscow says Wallenberg is long dead, but as recently as January there were reports that he was still alive in a Soviet prison camp.

Milton Berle, the man credited with launching the U.S. love affair with television, complains that TV has "lost its spontaneity" and is drifting toward "dangerously violent" programming. "It has been an educational thing and a thing that has put violent ideas in the minds of children," said Uncle Miltie, who was celebrating his 73d birthday and his 68th year in show business by performing at a Dallas dinner table.

Former U.S. President Gerald R. Ford has joined the board of directors of 20th Century-Fox.

Former U.S. President Gerald R. Ford has joined the board of directors of 20th Century-Fox.

With President Reagan and his wife, Nancy, looking on, Mrs. Reagan's stepfather, Dr. Loyal Davis, was named an honorary fellow of the Royal College of Surgeons of Ireland. Davis, 86, a retired neurosurgeon who now lives in Phoenix, was not able to travel to Ireland for the ceremony, so college fellows went to Washington and presented the award at the Irish Embassy.

If Humphrey Bogart were still alive, he would be the seventh cousin of Lady Diana Spencer, Prince's Charles' fiancée, according to the Daily Mail in London. The Mail said the link between the lady and the actor begins with a

Common ancestor, the Daily Mail reported.

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